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Wednesday February 7 1996

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The Guardian

Printed in London, Manchester, Frankfurt and Roubaix

46,489

Mark Lawson on the Reith lectures

A week in the life of the English language

Guardian 2 with European weather



Society

The parallel lines between protesters and the guards at Newbury

G2 pages 10/11

Review by Adrian Searle at the Tate

Cézanne in retrospect

G2 pages 8/9



Recriminations after tabloid helps to get fraudster Guppy out of jail



Darius Guppy: threatening action against Mirror

Joanna Coles

DAVID Montgomery, chief executive of the Mirror Group, was last night embroiled in an embarrassing legal row after it became clear that one of his senior executives on the Daily Mirror had, in effect, prompted Darius Guppy's early release from jail.

A mysterious friend paid £150,000 to secure Guppy's release from Ford open

prison early on Monday. It is thought that, having received confirmation that the Daily Mirror would pay a large sum for his story, Guppy felt able to assure the friend that he would be recompensed.

When Mr Montgomery discovered that a deal had been made he insisted the paper pull out. It is against the newspaper's own code of practice for a convicted criminal to profit by selling a story about his or her

Piers Morgan, editor of the Daily Mirror, said last night: "The Daily Mirror has an absolute policy of not paying money to convicted criminals." As Guppy is bankrupt, it is thought that the paper would have paid the money to one of his creditors.

Guppy, who went to Eton and Oxford before jail, has served three years in prison for staging an elaborate insurance swindle which netted him £1.8 million from Lloyds. Together

with an accomplice, Benedict Marsh, he was jailed for five years in February 1993. Last July he was sentenced to a further three years after he claimed he was unable to repay an outstanding £227,000 to Lloyds.

Guppy is now planning legal action against the Mirror for breach of contract unless he can sell his story elsewhere for a comparable sum. Best man to Earl Spencer — though he was too drunk

to deliver the best man's speech — Guppy counts many glamorous and influential people among his friends. He and his wife Patricia, a former model, were last night frantically trying to find another buyer for either of their stories.

Stuart Higgins, editor of the Sun, confirmed that two agents had approached him last week on Guppy's behalf. "I pretended to be interested because it was always our intention to ex-

pose Guppy for trying to sell his story." Negotiations stopped because the Daily Mirror then expressed a firm interest.

Guppy was always a high profile prisoner. His apparent conversion to Islam while in jail made the headlines and surprised at least one of his friends, Boris Johnson, assistant editor of the Daily Telegraph, who recalled in a fond article that Guppy had been confirmed into the Church of England while at Oxford.

The Muslim newspaper Q News broke the story about his conversion and claimed he had always been teetotal. In fact, Guppy formed his own hard drinking club at Oxford called the Raulph Flambarbs.

His capacity to compete with fellow students at drinking competitions was legendary, as were his exotic lies. After carrying out his jewellery fraud, he was unable to resist boasting about it as the perfect crime.

Voters back Harman in school row

Martin Linton and Patrick Wintour

CONSERVATIVE hopes of rebuilding the party's popularity on the back of Harriet Harman's decision to send her son to a grammar school appear to be dashed today by a Guardian poll, the first to appear since the controversy broke two weeks ago, showing that most voters think her choice was the right one.

Respondents in ICM's poll said by a majority of 50 to 38 per cent that she was right. Among Labour voters the majority was 52-36.

People also said — by a bigger majority, of 56 to 34 per cent — that she would have been wrong to resign from Labour's front bench over the issue.

The poll, eagerly awaited at Westminster by all political parties, will steady Labour nerves and will prove a huge disappointment to ministers, many of whom had claimed that the Harman controversy had finally breached the line of Tony Blair's defences.

The issue had lifted the morale of Tory backbenchers, who were convinced that the Central Office slogan "Labour says one thing and does another" had a popular resonance.

Despite their support for Ms Harman, voters believe by a much larger majority that all state secondary schools should be comprehensive with a mixture of abilities, the poll shows. This is sup-

Poll highlights

- Most voters say Harriet Harman is right - by 50% to 38%
- They also back her refusal to resign on the issue - by 56% to 34%
- But they also support the comprehensive system - by 65% to 27%
- Labour support a school with only one point - from 56% to 34%
- Conservatives are the only party to support a school with only one point - from 56% to 34%

ported by 65 per cent and opposed by only 27. Even among Conservatives there is a 50-45 majority.

Voters also believe that in general Labour politicians should send their children to comprehensive, not to grammar or private schools. In Ms Harman's case, they appear to have accepted her argument that she was acting in the situation as she found it.

This helps to explain why the affair has inflicted only a small dent in Labour's popularity, bringing it down from 48 per cent in December and January to 47 per cent in February.

The Conservatives are up five points from 26 to 31 per cent, but this is mainly at the expense of the Liberal Democrats and only brings them back to their rating before Emma Nicholson's defection.

Labour's adjusted lead of 15 points is not significantly different from its 17-point lead in four out of the last seven

months. On an unadjusted basis the lead is 25 points — again, little different from the 24 points in December.

The most plausible explanation is that Ms Nicholson's defection caused a temporary dip in Tory fortunes in January but Ms Harman made almost no difference in February.

ICM's respondents were asked: "Given that Labour is opposed to selective education, do you think Harriet Harman was right or wrong to let her son go to a grammar school that selects only high-ability children?" Within the majority who said she was right her strongest support was among Lib-Dems (58-32), with Conservatives on 45-45.

Asked whether she should have resigned from Labour's front bench, all parties said she should not.

ICM's question on comprehensive education asked: "What is the best way of running state secondary schools? All schools are comprehensive and take a mixture of abilities, or some schools take only high-ability children and others take only lower-ability children?"

Some recent polls have found growing support for selection, but people may respond differently when the questions refer to "grammar schools".

Although Tony Blair's office did little to disguise its huge pleasure at the poll, it also said the Harman affair might be taking time to seep through to the popular consciousness.

Letters, page 8



A preview of the Tate gallery's Cézanne exhibition, the most important of the artist's work in 60 years, which opens to the public tomorrow. The Tate has already sold 34,000 tickets, and in total more than a third of a million visitors are expected. Review, G2 page 8. PHOTOGRAPH: DAVID SALLIOTE

Britain's £3bn oil 'drain'

Tax breaks lose the Government equivalent of 2p off basic rate

Richard Thomas

UP TO £3 billion a year — the equivalent of 2p off the basic rate of income tax or an extra 25 a week on child benefit — is being lost by the Government because of generous tax concessions granted since 1983 to companies extracting oil from the North Sea, academics claim today.

As a result of changes to the petroleum taxation system over the last 12 years, the UK has "the weakest petroleum taxation regime in the world," according to researchers Ian Rutledge and Philip Wright at the University of Sheffield. The Govern-

ment takes just 33 per cent of the cashflow of firms working the North Sea, compared with 54 per cent in Denmark and 57 per cent in Western Australia, their work shows.

These international differences in tax revenues explode the argument that falling state revenues are the result of lower oil prices.

If no changes had been made to the 1983 tax environment, the Treasury would have taken £4.7 billion in 1994 compared with the £1.6 billion actually received. The total shortfall over the last eight years is £12 billion.

In 1993, the state received 16p for each £1 of profit made in the North Sea, compared with 56p in 1986. This collapse in tax takings is the result of measures to cut the burden on oil companies introduced by successive Tory governments.

The key changes have been the abolition of oil royalties, the introduction of a 10 per cent tax subsidy for new exploration, the scrapping of advance petroleum tax revenue for new firms, and a fall in the level of corporation tax from 53 per cent when the oil fields were first opened to 33 per cent today.

One result is over-production in the North Sea as firms scramble to take advantage. In the long run, this means the oil will run out earlier than it needs to, the researchers warn.

Will Hutton, page 9

TV sports vote blow for BSkyB

Rebecca Smithers and Andrew Cuff

THE Government suffered a humiliating defeat in the House of Lords last night as peers inflicted a severe blow on Rupert Murdoch's BSkyB and voted to ensure premier sporting events remain freely available on television.

Conservative and Labour peers united to force through an amendment to the Broadcasting Bill which prevents channels from having exclusive access to eight of Britain's sporting "crown jewels".

The Government was forced to admit it would have to take the peers' views into account after earlier rejecting the proposals as flawed. They voted by 233 to 106 in favour of the amendment moved by Lord Howell, the former Labour sports minister.

The Department of National Heritage said that it would still push ahead with the consultation exercise announced last Friday, which the Lords interpreted as a delaying tactic designed to stifle debate.

The prospects of overturning the amendment in the Commons appear remote. Tory backbenchers such as David Mellor, the architect of the 1990 Broadcasting Act, Olympic champion Sebastian Coe, and the former home secretary, Kenneth Baker, have said they would vote for the amendment.

Labour heritage spokesman, Lord Donoughue, said: "This is a tremendous victory for the British sporting public. It helps to secure access for the 85 per cent of sports lovers whom Sky have shut out."

A BBC spokesman said the decision was "a welcome endorsement of the widely held public view that these great national occasions should be available for all to see".

It was a setback for BSkyB, which had earlier heard that the Office of Fair Trading had referred its deal with the BBC to cover the Premier League to the Restrictive Practices Court.

The double blow clouded BSkyB's announcement it had doubled its profits to £103.5 million in 1995.

The amendment would mean continued coverage of eight "listed events" on mainstream channels: the Grand National, the Derby, the FA Cup Final, the Scottish Cup Final, Wimbledon tennis, cricket tests in England, the Olympic Games, and football's World Cup finals.



Child bride back in Britain

Sally Weale and Chris Nuttall in Ankara

The long-awaited return to Britain yesterday of Sarah Cook, the 13-year-old girl who married a waiter in Turkey, could not have been in greater contrast to her departure from Istanbul.

She left her adoptive country a national heroine in a blaze of interviews and publicity. But, four hours later at Heathrow, she looked more like a fugitive recaptured, a blue blanket thrown over her head, a police escort ready to whisk her away from waiting reporters.

A month and several hundred column inches after her illegal "marriage", Sarah arrived back aboard Turkish Airways Flight 981. Her flight touched turn to page 2, column 3

Advertisement
"Between a third and a half of all cancers are caused by eating the wrong types of food"

Food for Thought

by Vernon Coleman

If you know which foods to eat — and which to avoid — you can dramatically reduce your chances of developing cancer of the breast, cancer of the prostate, cancer of the colon, cancer of the ovary or cancer of the uterus.

Eating the right foods can also produce a great improvement in your health if you suffer from asthma, rheumatoid arthritis, heart trouble, indigestion, gall stones, varicose veins, wind, irritable bowel syndrome, high blood pressure, insomnia, allergies, tinnitus, ulcers, restless legs syndrome, premenstrual syndrome and many other problems.

A good deal of nonsense is written and broadcast about food. Finding the facts can be difficult.

Dr Vernon Coleman's book "Food for Thought" gives you the truth about foods and how to eat for good health. It contains information on vegetarian eating, microwaves, drinking water, mad cow disease, food irradiation, food additives, vitamins, fats and many other subjects.

There's even a section explaining how you can lose weight and stay slim permanently and easily.

... a guide to healthy eating which reads like a thriller" (The Good Book Guide)

"The man is a national treasure" (What Doctors Don't Tell You)

"Dr Vernon Coleman is one of our most enlightened, trenchant and sensible dispensers of medical advice" (The Observer)

To order your copy send a cheque or postal order for £9.95 (payable to Healthbooks) to: Food for Thought, Sales Office GU30, Publishing House, Trinity Place, Barnstaple, Devon EX32 9HJ. Post and packing is FREE. Your book will be despatched within 21 days. Money back guarantee — simply return within 28 days of receipt for a full refund if not delighted.

Inside

News 2
Letters 8
Comment 9
Obituaries 10
Financial news 11

G2
Parents 4/5
Woman's world 7
Arts 8/9
Society 10/11
Style 12/13

Quick Crossword 12
Cartoons 15
Puzzle 16
Television 16
Weather 16



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Sketch

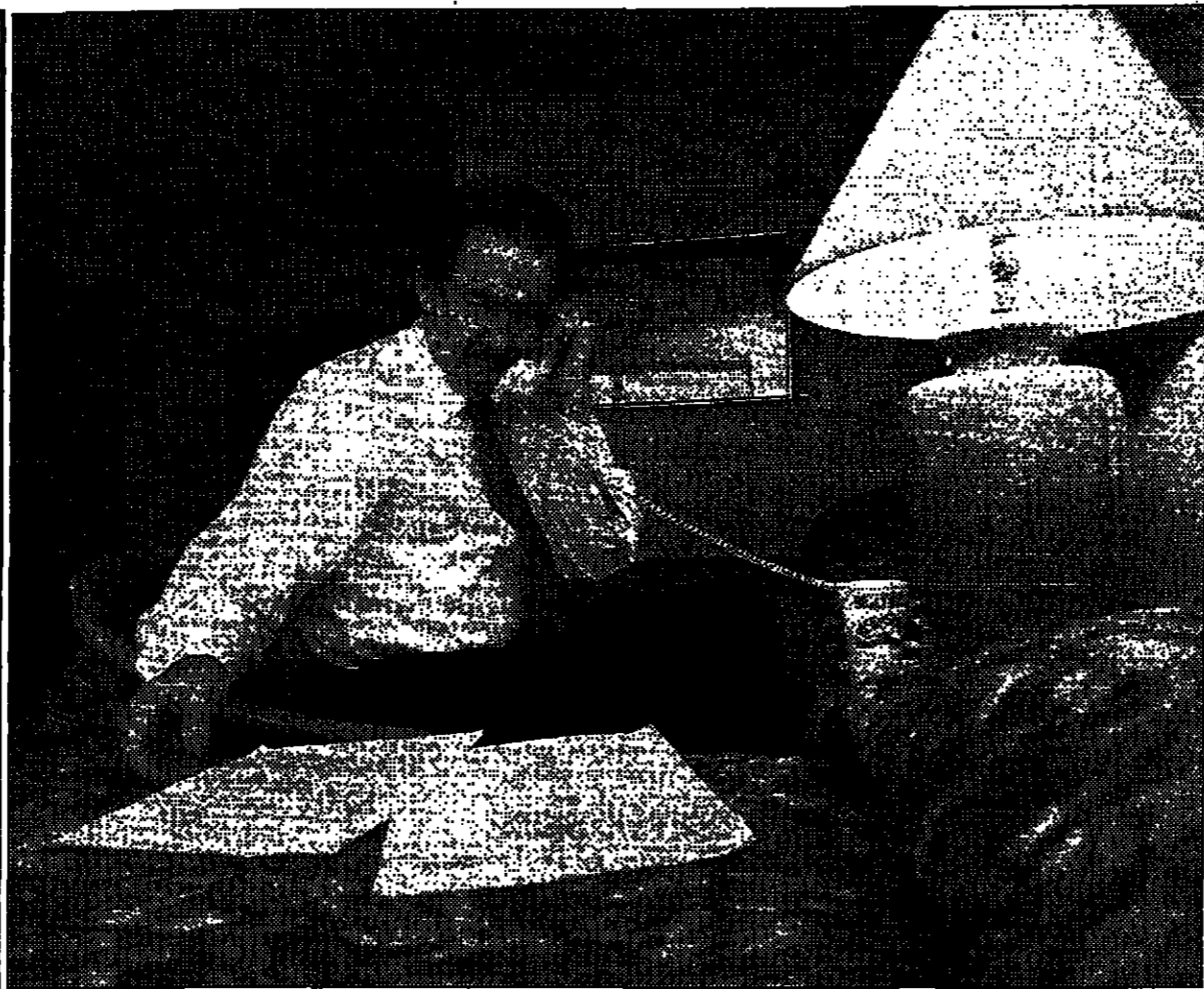
Girls and boys come out to play



Simon Hoggart

THE Commons discussed sex yesterday. The first topic was homosexuality in the armed forces...

bill moved by Peter Luff (C. Worcester). This would oblige young girls' magazines to state on the cover which age group they are intended for...



Boondoggle... Pat Buchanan answers questions on a radio phone-in programme yesterday

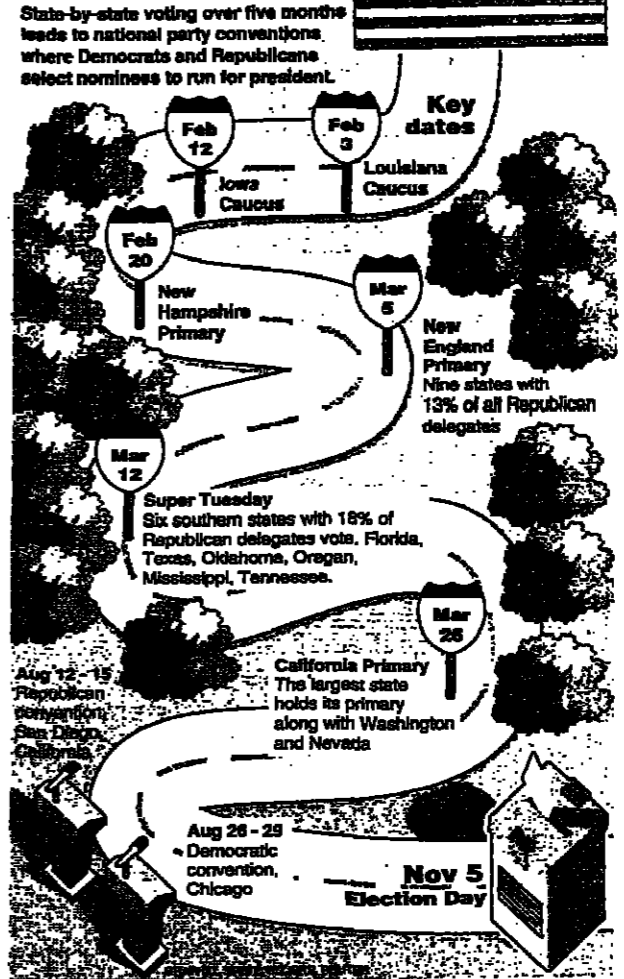
Buchanan gets his claws on Louisiana voters in attempt to pinch an early lead in Republican presidential race

Martin Walker in Baton Rouge, Louisiana

PAT BUCHANAN could hardly contain his delight. Another red menace was invading the United States...

their media entourage descending on a small crayfish plant or a drug treatment centre, or a school or an endangered local park...

Road to the White House



State-by-state voting over five months leads to national party conventions where Democrats and Republicans select nominees to run for president.

Club TV football deal referred to court

Ian King, Pauline Springett and John Dunford

LEADING football clubs and broadcasters united in fury yesterday after the Office of Fair Trading referred the exclusive TV deal between the Premier League, the BBC and BSkyB to the Restrictive Practices Court.

Football: Who shows what

- Premier League: BSkyB and the BBC are currently in a joint £204 million five-year deal for Premier League matches... FA Cup: ITV has live coverage of final from 1998... Endleigh League: BSkyB has £125 million five year deal for 60 live games.

BSkyB profits rocket up to £106m

PROFITS of Rupert Murdoch's BSkyB group nearly doubled in the six months to the end of December to £106.3 million...

First night

The frustration of dashed dreams

Michael Billington

Valley Song Royal Court. ATHOL FUGARD has long explored the inhuman absurdities of apartheid. But how, as a dramatist, would he react to its dismantling?

white man, claiming it is 'devil's money'. It is only when you explore the story's political implications that doubts begin to surface...

Child bride Sarah ends long journey home from Turkey

continued from page 1 down 14 minutes early, and the schoolgirl who put the Essex town of Braintree on the international map was led down steps at the rear of the aircraft to a waiting police car.

An Inaugural Offer

7 nights in Costa Rica, the Land of Wonders, from £525.00. glorious climate, beautiful landscapes, lakes, rivers, two coastlines, exotic flora, wild-life, friendly people, national parks, sophisticated lifestyle, peaceful beaches beyond belief...

Labour plans new curbs on social workers

David Brindle, Social

LABOUR government would introduce professional regulation of social workers and other social services staff and set strict national standards for their work.

an independent inspectorate for all community care services, including residential homes and home help. Mr Milburn said. He called for a new partnership between central government and local authorities social services departments...

Bottom framed surgeon. I'm not a protester. How do you to be a war...



A farmer rescues his sheep from a snowdrift near Eskdalemuir, Dumfries and Galloway, where 19 travellers had to be airlifted from a train in 14ft of snow. PHOTOGRAPH: MURDO MACLEOD



Youths playing in Newport, Gwent. PHOTOGRAPH: JEFF MORGAN



Birmingham: A plastic bag gives shelter. PHOTOGRAPH: MIKE SHARP

30,000 homes without power as snow brings chaos to most of Britain

Alex Bellis, Eriand Clouston and Tom Sharvatt
ALMOST 30,000 homes were without electricity yesterday after heavy snowfalls caused disruption throughout the country, bringing chaos to air, road and rail networks.

Southern Scotland and Cumbria bore the brunt of blizzards that also hit Wales, the Midlands and the North-East. In Dumfries and Galloway, 19 people were airlifted from a train stranded in 14ft of snow. Roads were also badly hit: 1,200 stranded travellers had to seek shelter in schools closed for the day.

Dozens of power lines collapsed in south-west Scotland and south-west Wales. Scottish Power said almost all its 12,000 homes without electricity should be reconnected this morning, but South Wales Electricity (Swalec) said its engineers were having trouble getting to damaged cables serving 15,000 customers.

A Swalec spokesman said they had been unable to use helicopters because the conditions were so bad, and many homes would be without power overnight as temperatures fell to -3°C. With the cold snap predicted to last until the weekend, motoring organisations advised drivers to avoid using cars. Hundreds

of accidents were reported yesterday and many main roads were closed in the North West and Scotland. Birmingham International Airport was closed and train services disrupted. At least two people died because of the weather. A driver died in a three-car pile up in North Wales and a man aged 72 was found fro-

zen to death after he left a nursing home to go jogging. Despite the snow - everywhere saw at least two inches apart from Cornwall, East Anglia and Kent - the average temperature of around -2°C was higher than the previous cold snaps. The National Grid said demand was not as high as before and there was

no danger of enforced power cuts. A London Weather Centre spokesman said snowfalls would be getting lighter from today, with sleet spreading from the west. The temperature will be milder but there will be no thaw until the weekend. Forecast, G2, page 16

Bottomley 'framed' surgeon

Vivek Chaudhary

THE THEN Health Secretary, Virginia Bottomley and other leading figures in the NHS conspired against a hospital consultant following a patient's death to deflect media attention from health cuts, the High Court was told yesterday. "I was framed and set up," Anthony Percy, a consultant orthopaedic surgeon at St Mary's hospital, Sidcup, Kent told the court. Mr Percy is suing the Daily Mirror for libel after an article published last March branded him "Doctor Dolittle". It suggested he was guilty of gross dereliction of duty because he bore some responsibility for the death of Malcolm Murray, aged 45. Mr Murray died at Leeds General Infirmary last March after being flown 200 miles from Queen Mary's hospital because a neurosurgical bed could not be found for him in the South East region. Mr Percy, aged 53, of Bickley, Kent, told the court that the hospital's chief executive, Stephen Collinson, had sent him a letter after the article appeared, saying it was politically inevitable that scapegoats would be required. He added that Mr Collinson had told him that someone at the Department of Health had said "Sack the doctor". Mr Percy named those conspiring against him as William Wells, chairman of the South Thames Regional Health Authority (STRHA); Mr Collinson; Mrs Bottomley and a senior civil servant at the Department of Health named Hollebon. He told the court: "I feel like a criminal. I feel like my reputation and my whole life is in question. It was orchestrated in my view." His counsel, Charles Gray QC, told Mr Justice French and the jury that Mrs Bottomley had called for Mr Percy's role in the affair to be "highlighted". The Daily Mirror claims that its story was a fair and accurate account of the con-



Anthony Percy: alleges plot to conceal health cuts

Gas 'fat cat' gets more cream in £4m pension package

Simon Beavis and Chris Barrie

THE abrupt departure of Cedric Brown, the British gas chief who became synonymous with "fat cat" salaries, caused a new political row last night when it emerged that he was to receive a pension and other perks which could cost as much as £4.26 million to finance. His early retirement from the group in April was announced as British Gas unveiled radical plans to split the group in two, with new chief executives appointed later. Mr Brown, aged 60, will receive a pension of £247,000 a year but will also be paid £120,000 to act as a consultant to the privatised group for a year after his departure. In addition, the company will provide him with an office, a secretary and a chauffeur-driven car to support him in his new but unpaid role as head of the Institution of Gas Engineers. The scale of the retirement package reignited the row

about boardroom excess which began 15 months ago when it emerged that Mr Brown had been awarded a 75 per cent pay rise to £375,000 a year. Pension experts last night backed Labour's claims that a £247,000 index-linked pension would cost more than £4 million to fund. Equitable Life said that an annuity for that amount would cost £4.258 million to buy. In the Commons there were clashes at Prime Minister's Questions when Tony Blair asked: "When customer complaints to BG have doubled and the company is being forced to split in two today because of huge losses on gas contracts, do you think that the leaving package of the chief executive... is justified or not?" John Major said that the decision to split the company was designed to increase competition - something Labour should welcome - but he was non-committal on the pay issue. "That, in the private sector, is a matter for the shareholders," he said. Mr Brown earlier denied he

had been forced out or made a fall-guy. A consequence of the demerger was that his job would disappear and he believed it was time to make way for younger managers. But he admitted that the pay controversy had wounded him. "It has not been pleasant over the last 15 months. But it has happened and I prefer to look forward. I am very positive about my own future and I look forward to helping the company in whatever way I can." Observers believe that British Gas chairman Richard Giordano, himself paid £450,000 for a part-time role, has been manoeuvring to oust Mr Brown for some months. He will temporarily act as chairman and chief executive of the two new companies. But yesterday he praised

Mr Brown for a "great set of achievements". Last night Mr Brown found support from one of the gas industry's leading figures when Sir Denis Rooke, who was chairman of the company at privatisation in 1986, said he had been unfairly hounded by the media. Sir Denis was also highly critical of the Government for changing the rules affecting British Gas.

One of the key problems still facing the company despite yesterday's demerger is that it is saddled with £40 billion of long-term contracts for gas for which it has insufficient customers following the rapid onset of competition ordered by the Government.

Leader comment, page 9; Split fails to quell row, and Notebook, page 11

Duke died from huge overdose

Gary Younge

THE Duke of Northumberland, renowned as a bon vivant among British high society, died from a massive overdose of amphetamines prescribed to combat a rare illness, an inquest was told yesterday. A rare gland disorder caused the duke, aged 42, the Queen's godson, to gain excessive weight and suffer from chronic insomnia that was so bad he used to fall asleep during the day. He took 20 Dexametris stimulant tablets a day to counteract the effects of the sleeping pills he took at night. In October last year the duke's valet found him slumped on the third floor of his private apartment at his stately home - Syon House in Brentford, west London. Pathologist Richard Shepherd told Hammersmith coroner's court he died of amphetamine poisoning - the level of am-

phetamine in his body was 50 per cent higher than a dose which could be fatal, and three times the normal level. It was suggested the 17-stone duke might have taken more than his normal dosage because he knew he had an estate meeting which would require his full attention. "There is absolutely no question of drug addiction," said his GP, Dr David O'Connell. He told the inquest the duke had been taking amphetamines since 1973, when he was diagnosed as suffering from clinical depression. In 1980, his excess weight and sleeping problems were found to be caused by a rare gland disorder. He was taking the amphetamines to "combat a genuine pathological condition," added Dr O'Connell. The coroner, Dr John Burton, recorded a verdict of accidental death. The 11th Duke of Northumberland had an estimated fortune of £255 million.

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ST0004/SS1839/3/XX

IT SAYS YOU'VE ARRIVED

"I'm not partisan to their side. It's over-idealistic. One protester shouted: 'The trees love us.' And I thought: 'How do you know? They might be thinking, 'I'd love to be a wardrobe.'"

An ex-security guard at Newbury speaks out

G2 page 10



44 Hatton Garden, London, where the forerunner of the modern projector was developed. PHOTOGRAPH: DAVID SILITICE

Addressing the balance of movie history

Helen Nowicka on cinema's blue plaques

FROM the outside the drab office block at 44 Hatton Garden seems as dull as London's diamond market, but after decades of obscurity the importance of this address in cinema history is about to be recognised. It was on this spot in 1896 that cinema pioneer Robert Paul perfected the technology for his theatrograph, forerunner of the modern projector. Paul took the machine around music halls showing his own 50-second movies, and was a key figure in launching the British film industry.

As part of celebrations this year to mark the centenary of British cinema, the Hatton Garden site and 280 others of similar importance are to be decorated with commemorative plaques. The first will be unveiled at the theatre of the University of Westminster, Regent Street, on February 20, exactly 100 years after the first successful public film performance in Britain took place there. Other plaques will mark such significant locations as Carnforth station in Lancashire where Trevor Howard removed grit



Film directors Derek Jarman (left) and Alfred Hitchcock, and Trevor Howard and Celia Johnson in Brief Encounter

from Celia Johnson's eye in Brief Encounter, and Flash Gordon shot Moby Dick. Ealing and Eelree studios will be remembered, as will the Bristol offices of Aardman Animations, creators of Plasticine stars Wallace and Gromit. Less high profile endeavours will also be recognised, like that of Gordon Richardson of Worthington, Cumbria, who has driven more than 3 million miles around England delivering films to cinemas. Phil Walkley of Cinema 100, joint organisers with the British Film Institute of

the £50,000 project, said plans had been chosen from public suggestions, with cinema buildings attracting many nominations. "We think that was because they are disappearing and people want to record their affection. We have had world war three going on over which is the oldest functioning cinema in Britain. There were contenders in Brighton, Birmingham and Torbay." One sign in Bristol will commemorate Cary Grant's time at Fairfield grammar school, from which he was expelled. Had he stayed, he might never have joined

the navy and travelled to Hollywood. A constant theme throughout the last century has been the loss of British film industry talent to America. In 1908 Ivy Close of Stockton-on-Tees won the world's first beauty contest and went on to become a silent movie star in Hollywood. Her photographer husband was killed in a car crash and she returned to England virtually destitute. However, her homecoming was American cinema's loss - her son Ronald Neame went on to direct a string of successful British films, in-

cluding The Prime of Miss Jean Brodie. On Merseyside the work of long-forgotten triple Oscar winner George Groves will be remembered 70 years after he left his home in St Helens for America. Groves worked for Warner Brothers during the studio's drive to introduce sound, and recorded Al Johnson for the first talkie, The Jazz Singer. He had 32 Academy Award nominations and was involved with the history of sound in films from musicals in the 1930s to A Clockwork Orange.

Sex swap duo's plea to court

Clare Dyer
Legal Correspondent

TWO transsexuals who were registered as male at birth but underwent "gender reassignment" surgery launched a high court battle yesterday for the right to be legally recognised as female. The two, named only as P and G to protect their identities, are challenging the "distressing, humiliating and embarrassing" refusal of the Registrar General of Births, Deaths and Marriages to allow them to alter their birth certificates. The outcome of the case will affect thousands of transsexuals. There are estimated to be 8,000 or 9,000 in Britain and 30 similar cases are pending. Without the right to change their birth certificates, transsexuals cannot marry in their chosen sex or adopt children with a partner. In Britain the case of the former merchant seaman, April Ashley, in 1970 laid down that an individual's sex is a "historic fact" established at birth. A similar case brought by two other transsexuals was ruled admissible last month by the European Commission

of Human Rights in Strasbourg. Laura Cox QC, representing the two transsexuals, told the court the Registrar General's "unlawful and irrational" refusal was based on an "outdated" biological view of differences between the sexes and a failure to recognise that P and G were born with "a female brain". Though registered as male at birth, each had "an essentially female personality and psychology", Ms Cox said. She accused the Registrar General of mistakenly relying on "outdated and inappropriate" criteria established in the Ashley case. She said these had to be considered obsolete following new scientific evidence. She cited a discovery reported in the scientific journal Nature, last November that a part of the hypothalamus in the brain, which is smaller in women than in men, was also "strikingly" female-sized in six male-to-female transsexuals. This supported the hypothesis that gender identity "stems from an interaction between the developing brain and sex hormones," said the report. The court is expected to reserve judgment today.

Highland peak funicular hits environmental objection

Erlend Clouston

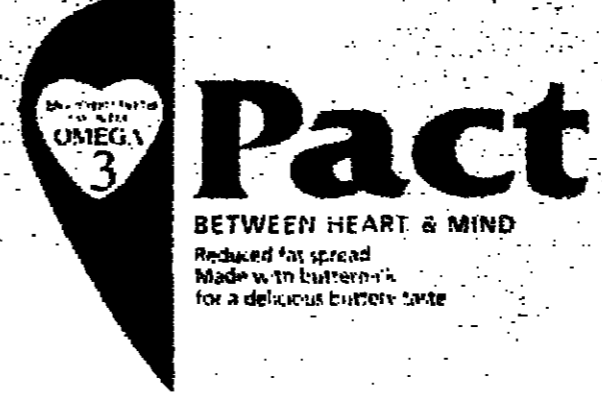
THE attempt to run a railway close to the top of Britain's fifth highest mountain hit an awkward set of buffers yesterday in the shape of Scottish Natural Heritage, the body charged with protecting the Scottish environment. It announced opposition to the Cairngorm Chairlift Company's proposal to replace ageing equipment with 1.2 miles of funicular track on the 4,084-foot Cairn Gorm. After a lengthy board meeting in Edinburgh, it said it was still unhappy about the company's ability to control the 260,000 summer visitors expected to patronise the £16.5 million scheme. The verdict will mean yet another delay to a project intended to secure the long-term future of the ski and recreational facility. It is a serious blow for the company, which has spent the past 15 months attempting to soothe environmentalists' fears that visitor pressure could wreck the habitat. The company's chief executive, Tim Whitome, said last night: "It is not the end of the road. They are just saying that more work has to be done." However, the continued objections make it more likely that the project, due to be considered by planners on March 4, will now be decided by a public inquiry. Even if it survives that, the inevitable delay could threaten the company's access to £2 million of European Union funding. The company had agreed to restrict tourists to conducted tours of the summit. Just 484 feet above the funicular's terminus, if controlled rambles still posed too much of a threat to the rare plovers and Arctic mosses, Mr Whitome reserved the right to close the terminus. However, Scottish Natural Heritage described the agreement as inadequate.

GPs to quit fundholding with surplus of £50,000

David Brindle, Social Services Correspondent

ONE of the first practices of fundholding family doctors is quitting the scheme with a £50,000 surplus which it made in previous years, and leaving its health authority to meet £50,000 of its estimated losses this year. The anomaly benefiting the practice in Plympton, Devon, arises because the Government's fundholding rules have no provision for a surplus made in one year to be set against a loss in another. The practice is voluntarily using about half its accrued surplus of just under £100,000 to pay off some of its anticipated 1995-96 losses of £112,000. A spokesman for the health authority, South and West Devon, said yesterday: "Sixty thousand pounds may not seem a lot in the context of our budget of almost £238 million, but it must be compared with the total overspend we met last year of £17,000 from more than one practice." The Plympton practice, Savage and partners, was one of the pioneering fundholders in 1991. Under the scheme, GPs get budgets for their patients' hospital care. From April more than half the population of England will have a fundholding doctor. Chris Westwood, the lead partner, says he and his colleagues are withdrawing at the end of next month because fundholding is no longer worthwhile. "Fundholding is really another form of privatisation, and we are assuming more legal responsibility for the provision of care for our patients," he wrote in Fundholding magazine. "This becomes unacceptable when there is insufficient money in the budget. So we have decided to pass this responsibility back to the health authority." Dr Westwood was unavailable for further comment.

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شركة النحل

News in brief

Footballer gets 5 years for killing

FOOTBALLER James Kelly was jailed for five years yesterday for killing a man by kicking him in the head. The 22-year-old Wolverhampton Wanderers midfielder attacked Peter Dumphy, 26, in an early morning brawl outside a Liverpool hotel in September 1994.

Water inquiry challenge

A CRITIC of Yorkshire Water's handling of the drought in the central Pennines yesterday called for a full parliamentary inquiry covering the effects of privatising the industry on the water supply.

Boy killed holiday doctor

A HOSPITAL consultant was shot dead on front of his wife by a 13-year-old boy as they strolled hand in hand on a retirement holiday in Turkey, an inquest at Portsmouth heard yesterday.

Golden oldie beats Bond

RICHARD Wilson, the star of BBC TV's One Foot in the Grave, yesterday received the Oldie of the Year award.

'No collision' before sinking

THERE was no evidence to indicate that the trawler Pescado collided with another vessel before she sank with the loss of her six crew members, salvage expert Robert Micklaszewick, who supervised the raising of the boat, told Bristol crown court yesterday.

'Baby smuggler' charged

A BRITISH aid worker accused of smuggling a baby out of Romania will appear in court on March 1 after being charged yesterday with conspiracy to smuggle a child across the border.

Airline pays for crash stress

A WOMAN is to receive compensation for stress after a plane hit her house before crashing, killing its five crew members.

'Boycott Canadian fish'

SUPERMARKETS should stop buying fish from Canada in protest against seal culls, MPs said yesterday.

How to become a proofreader

Do you envy people who love their jobs? I did too, so a few years ago I looked for a way to combine my love of books with the need to earn a living. I was a successful sales manager, so I needed something that paid well.

Condon calls for members of public to 'patrol' suspect police stations

Sir Paul also announced that 80 per cent of those arrested so far for street robberies in the controversial Operation Eagle Eye had been black. He said the next big police initiative, in April, would be aimed at cocaine and heroin dealers.

He said people who had been sceptical about Operation Eagle Eye because he had stated that many of those involved were black youths, now accepted that it had been a success.



Sir Paul Condon... wants video cameras in cells



John Jenkins and Patrick Bogue of Onslow's auctioneers sort 500 railway posters from the 1930s for sale in London on March 21 in aid of children's charities.

Colleges seek mergers in struggle for survival

MORE than 50 universities and colleges have merged or are holding merger talks as financial pressures threaten to drive some institutions to the wall.

Strength in numbers

Mergers completed between: Lancaster university and Charlott's Mason school of education, Ambleside, Cumbria; Portsmouth university and Portsmouth college of art; Pontypridd and Rhondda colleges, Mid Glamorgan; De Montfort university and Lincolnshire college of art, Lincolnshire college of agriculture and Bedford college, Epsom school of art and West Surrey college of art; Longlands college and Marton sixth form college, Middlesbrough; Kirby college and Acklam sixth form college, Middlesbrough.

Refugees win first round in council housing fight

A JUDGE last night granted a High Court injunction against Southwark council after it refused to provide temporary housing for a refugee couple for whom the Ivory Coast because they could no longer claim housing benefit.

English rules are 'not OK'

Andrew Cull Media Correspondent THE Rupert Murdoch professor of language and communication last night rejected the notion that spoken English was in need of hospital treatment.

Modern asthma therapies could save lives

Chris Mihill Medical Correspondent MORE than 100,000 lives could be saved worldwide each year, including 1,000 in the UK, if all asthma patients received modern therapies, international specialists said yesterday.

Advertisement for Amy Tan's book 'The Hundred Secret Senses'. Includes text: 'Chance Fate Beliefs Hopes Memory Imagination AMY TAN The Hundred Secret Senses' and 'Literary prizes and critical acclaim should be heaped on Amy Tan's head'.

As the leadership race gets under way, Martin Walker in Metairie, Louisiana, witnesses the conversion of blacks to Republicanism

Praying for a God-fearing president

Behind the lines



ALL 250 pounds of Patricia Anderson, aged 40 and black, are shaking generously as she waves the golden Jesus banner and prances down the nave of her church crying "Sweet, sweet Lord". These days the mix of white fiddler and organist and black flautist is not unusual, nor is the thoroughly integrated congregation, even in the Deep South in Louisiana.

button advertising Pat Buchanan for president. Mr Buchanan calls himself "the angry white male" and promises that the first thing he would do as president would be to "put an end to the discrimination against white people with all these racial quotas and set-asides and affirmative action programmes". Mrs Anderson, a nursing aide, grandly shrugs that aside. Mr Buchanan is her candidate because he is completely against abortion, and that is God's cause. She has spent weeks at a time on her knees, praying and singing outside abortion clinics. "The other thing I like about Buchanan is the end to welfare. Just cut it off, the worst thing that ever happened to black folks. Welfare takes the man out of your house, the pride out of your life, and God out of your

heart, that's what I say. The Lord wants us to be responsible for our own selves." Something very odd is happening in black America. It began in the Reagan years, which produced a sudden flood of black intellectual conservatives who condemned welfare and food stamps and affirmative action as liberal devices to keep black folk in their place. Now, through the anti-abortion movement and the Christian Coalition, black conservatism is spreading far beyond the intelligentsia. Blacks are no longer a reliable vote for the Democrats. In 1984, Ohio's Republican governor won 40 per cent of the black vote, and 24 of the 62 black candidates in the last congressional elections were running on the Republican ticket. Louisiana is a cruelly in-

structive place to witness the dilemma of black politics in America. Cleo Fields, a pencil-slim black congressman and disciple of Jesse Jackson, decided to run for governor last year. At 28 per cent of the electorate, the black vote was enough to give him the lead over the other Democrats but

Atwater, a brilliant Southern white Republican strategist for President Bush, devised his devil's pact. If blacks helped the Republicans redraw the constituency boundaries, they could have their own guaranteed congressional seats, two or three in each Southern state. Bill Clinton's 1992 election campaign, is already predicting this year's Republican strategy. "They are loading just two bullets: Hillary Clinton and affirmative action." There is little the Clinton camp can do about either. The president is committed to his wife, and despite his readiness to compromise on almost every other policy issue, he has nailed his colours to the mast of America's racial divide as wide as ever and this is no time to stop trying to heal it. It is an honourable stand, and it might just work. The black turnout in elections has been routinely 10 percentage points below the whites, and the Hispanic turnout is even lower. That may change because of the Motor Voter Bill, one of President Clinton's first acts. It allows people to register to vote when they get

and renew their driving licences, and there are now 9 million more registered voters than there were in 1992, mostly black and Hispanic. If Jesse Jackson can energise them, and the Democrats can build a grassroots machine to get them to the polls, they may represent the winning margin. But that is the Democratic dilemma: the more dependent they become on the vote of the poor and the minorities, the harder it is to compete for middle class votes, which win elections. More than 45 per cent of black households now have incomes above \$35,000 a year, and 29 per cent have above \$50,000. This expanding black middle class is still tenuously bound to the inner city poor by the churches, however. And Martin Luther King's old constituency in the churches

is wondering just what a generation of Democratic loyalty has brought it. Analysts see a growing strain as the Democratic Party forces black church-goers into a coalition with gays and feminists and radical secularists. Few white men are better than Bill Clinton at attending black churches. He knows the hymns and adopts a special pose, like a polite and willing guest. He knows that he is going to sing and clap and have a good time, and he is used to meeting loyal Democratic voters there. But increasingly he finds women like Patricia Anderson, with their Right-To-Life and Buchanan buttons. "I used to be a Democrat, when I didn't vote much," she explains. "I do vote, I'm a Republican."

Pass Notes, G2 page 3

'Republicans are loading two bullets: Hillary Clinton and affirmative action'

not enough to prevent his predictable defeat by the white Republican. Democrats could always win in Louisiana, or anywhere in the South, as long as they were white and put together a coalition of blacks and white moderates. But there was not much in that for blacks, until the late Lee



Bicycle thieves... Chinese police parade a group of men caught stealing bicycles before a crowd outside a department store in Beijing. They were sentenced in public to terms of up to two years' re-education in labour camps. Such humiliation of criminals is commonly used in China as a deterrent

News in brief

American exports of plutonium revealed

THE United States has shipped nearly a tonne of plutonium to 39 countries in the past 50 years, including Argentina, India, Iran, Iraq, Israel, Japan, New Zealand, Pakistan, South Africa, Sweden, Turkey, Uruguay and Venezuela. And it has acquired nearly six tonnes of plutonium from Canada, Taiwan, Britain and elsewhere. Although these transfers were all legal, details have not hitherto been made public. Figures showing the volume of trade in plutonium — used in reactors and nuclear weapons — were disclosed yesterday when the federal department of energy unveiled records of all the plutonium that has ever passed through US hands. The information was released following promises by President Clinton and the energy secretary, Hazel O'Leary, of greater openness now that the cold war is over. It includes the amounts and locations in nine states of 200 tonnes of plutonium and highly enriched uranium that Mr Clinton said last year were not needed for national security. The accounts put the total plutonium inventory — including all nuclear weapons and stockpiles — at 82.5 tonnes, about what private experts estimated. — *New York Times, New York.*

Peres goes to top of class

SEIMON PERES'S commanding lead in the Israeli opinion polls was underlined yesterday when the Labour prime minister won by a landslide in a mock vote at a Tel Aviv high school which has accurately predicted elections for 20 years. In the Blich ballot — likened to the New Hampshire primaries and broadcast live on Israeli radio — Mr Peres won 61 per cent and the Likud opposition leader, Benjamin Netanyahu, 39 per cent. But Mr Netanyahu is pinning his hopes on an audacious electoral pact he has engineered with rightwing rivals in the run-up to the general election now expected in May. His Likud faction is to run a joint list of candidates with the hardline nationalists of the Tsomet party. — *Derek Brown, Jerusalem.*

UN to cut staff by 10 per cent

THE top financial official of the United Nations says the organisation is sliding toward bankruptcy and will have to cut its permanent staff of more than 10,000 people at its headquarters in New York and in seven other cities by 10 per cent in the next two years. Joseph Connor, the undersecretary-general for administration and management, told a General Assembly working group that by the end of this year the organisation was expected to be about \$420 million in debt for normal budget expenses alone, not counting peacekeeping operations. The personnel cuts, made necessary by a combination of reduced budgets and the failure of member countries to pay dues on time, would bring about the first reduction in the UN bureaucracy. — *New York Times, New York.*

Seventh divorce for Elizabeth Taylor

ELIZABETH TAYLOR has filed for divorce from her seventh husband, construction worker Larry Fortensky, 20 years her junior and pictured above in happier times. She cited irreconcilable differences. Her lawyer, Neil Papiano, said the divorce would be amicable. "She and Larry have great affection for each other. It's just not working out and they felt it would be best to file at this time," he said. "They're still good friends and very fond of each other." The couple met in 1988 at a clinic where they were being treated for substance abuse. They married in 1991, but separated last August. — *AP, Los Angeles.*

China appoints blunt general

CHINA has promoted a trenchant hardliner to deputy chief of staff and sent him to a coastal region facing Taiwan to help command the new Taiwan Warfare Headquarters, according to a report in Hong Kong yesterday. Lieutenant-General Xiong Guangkai, a veteran of military intelligence work, left Beijing for Fujian after a special meeting of the Communist Party's central military commission, a policy-making body now eclipsing the politburo. The appointment, according to a report in the Chinese-language Sing Tao Daily, is linked to preparations by the People's Liberation Army for large-scale military exercises and possible military action in the run-up to Taiwan's presidential election next month. It appears to be part of a crescendo of intimidation against Taiwan before its first presidential poll on March 23. Gen Xiong is well known for his blunt and outspoken views on Chinese reunification. During a visit to the United States last year he told the defence secretary, William Perry, that Taiwan was in danger of becoming "explosive" and poured scorn on its democratic reforms. Put in overall charge of the Taiwan Warfare Headquarters is Zhang Wannian, deputy chairman of the central military commission, the newspaper said. — *Andrew Higgins, Hong Kong.*

Nigeria accuses Ogonis of acting for foreigners

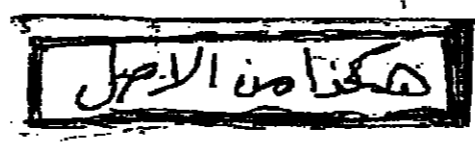
Chris McGreal in Port Harcourt, Nigeria
THE Nigerian military regime is trying to snub out attempts by the executed Ken Saro-Wiwa's Movement for the Survival of the Ogoni People (Mosop) to maintain international pressure on General Sani Abacha. The military governor of Ogoniland, Colonel Daouda Musa Komo, has claimed that foreign governments are paying Ogoni "mercenaries" tens of thousands of dollars to vilify and destabilise Nigeria, and has ordered an inquiry. Col Komo, who supervised Saro-Wiwa's execution in November, expressed regret that Mosop's deputy president, LeDzim Mittee, had accepted the gallows. Mr Mittee was the only Ogoni leader acquitted in last year's trial. He has taken control of Mosop, but

Gulf rulers seek to rein in Qatar's maverick emir

A democratising sheikh is under pressure for bucking the regional trend, writes Kathy Evans
THE new emir of the tiny Gulf state of Qatar, Sheikh Hamed bin Khalifa al Thani, is under pressure from other ruling families in the Gulf to "see the error of his ways" and fall into line with "traditional" foreign and domestic policies. The principal pawn in the hands of the Gulf states is the emir's father, Sheikh Khalifa al Thani, whom he overthrew last summer. Since then Sheikh Khalifa has toured Arab states seeking support for his efforts to return as emir. He has now been offered a home in Abu Dhabi, less than 200 miles from the Qatari border. According to high-level sources in Qatar, the deposed emir still controls an estimated \$3 billion (£1.98 billion) of the emirate's financial reserves, which he refuses to hand back. Qatar is having difficulty paying its bills and financing the huge investment required to develop its extensive gas reserves. It is not only the content but the style of Sheikh Hamed's rule that has upset his Gulf allies. Unlike other Gulf kings and emirs, Sheikh Hamed regularly talks to the press, explaining his policies and ideas. The other keep aloof from their people and rarely feel the need to explain policies. Sheikh Hamed has also ended censorship of the media and, to the alarm of other emirs, talks of allowing the election of a national assembly. Sheikh Hamed, aged 46,

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The Guardian Wednesday February 7 1996

ETA extradition clash as politician is shot dead

Madrid recalls its Brussels envoy

Adela Gooch in Madrid

SPAIN recalled its ambassador to Brussels yesterday, signalling further anger at Belgium's refusal to extradite two alleged members of the Basque separatist group ETA.

Tension between the two European partners was exacerbated by the shooting at lunchtime of a Socialist politician and lawyer in San Sebastián, the Basque capital.

Two ETA gunmen raced up to Fernando Mugica Herzog as he was leaving the city court with his son, shooting him in the head. "Don't look at us," the gunman screamed at witnesses. "Or we'll shoot you too."

Mugica, aged 61, was prominent in the Basque branch of the Socialist Party. His brother Enrique was justice minister in Madrid from 1988 to 1991. He was taken to hospital alive but died soon after.

The two men, members of Spain's tiny Jewish community, were instrumental in establishing diplomatic relations between Spain and Israel in 1986. More than 20 politicians have been assassinated by ETA since it began its campaign of violence.

This latest attack comes in the run up to the general election on March 3. ETA habit-

ually carries out high-profile attacks during election campaigns. Its support has rallied as a result of the judicial investigations into the "dirty war" against its members in the mid-1980s, which have led to charges being brought against the former interior minister José Barriomuevo.

Earlier yesterday the foreign ministry called in Belgium's envoy to express "profound dissatisfaction" with his country's decision to free the suspected ETA members Luis Moreno Ramajo and Raquel García Arranza.

Spain's attitude reflects a mistrust among European countries of one another's judicial systems, especially in the area of politically sensitive crimes.

The 1993 Maastricht Treaty envisaged stronger ties in legal and police matters but members have proved reluctant to relinquish judicial independence.

Spain's protest to Belgium falls short of severing diplomatic relations but it still signals indignation on the part of Madrid, which is suspicious of Belgium's erratic record on extradition.

The couple, accused in Spain of providing back-up and support to an ETA unit based in the Basque province of Vizcaya and of co-operating in at least one attack, in-

which a policeman was killed, fled to Belgium in 1992 and were arrested there a year later. Two weeks ago, after protracted Spanish efforts, Belgium granted their extradition. But the justice ministry's decision was overruled the day before yesterday by Belgium's top court.

The couple's defence lawyers claimed successfully that the charges were political rather than criminal. The Belgian justice ministry added yesterday that Spain had formulated its extradition request incorrectly.

The council of state will make a final decision on the extradition in six months time but the distinction it has drawn between membership of a terrorist organisation and actually taking part in an attack has infuriated Spaniards.

"This casts a slur on our legal system, which is just as good as theirs," said the opposition leader, José María Aznar, who is expected to win the general election.

"This situation should never arise between members of the Union."

The court's decision is also an embarrassment to the Belgian government, which had supported Spain's request. A Belgian statement said: "The state must respect the decisions of the courts."



Friendly fire... US soldiers in Bosnia hurl snowballs into a tent yesterday. Meanwhile, Bosnian Serb leaders said they had suspended talks with Muslim-Croat authorities and would no longer attend meetings on federation territory until Serb captives were released. The government captured two senior Serb officers and several other men around Sarajevo last week and is holding them for investigation of war crimes. PHOTOGRAPH ANDY CLARK

Auf Wiedersehen Pet workers say farewell

John Palmer in Brussels

THE days of British labourers working, Auf Wiedersehen Pet style, as casual workers in Germany and other European Union countries may be numbered.

The EU's new Italian presidency believes it has enough support — despite British opposition — for a law ensuring that workers seeking jobs in other EU countries receive the same pay and conditions as local employees.

The European Commission originally proposed the controversial directive governing people seeking work abroad more than four years ago.

It has been blocked until now by Britain and a minority of other countries. But after an informal meeting of employment ministers last weekend, some of Britain's former allies are now ready to change sides and approve the law.

The German government in particular has come under heavy pressure to outlaw casual labour schemes which recruit workers from Britain, Portugal, Greece and other low wage countries.

A German diplomat said yesterday: "We believe in fair competition but not in the exploitation of foreign workers in Germany, particularly by foreign-based employment agencies."

"We have had too many cases of British workers, for

Unions go on the offensive

INTERNATIONAL union leaders said yesterday they were launching an offensive to ensure that world trade benefited all workers and not just big business.

Bill Jordan of the International Confederation of Free Trade Unions said he and colleagues from the United States, France and Japan had been putting the message to company chiefs and bankers at the Davos world economic forum.

"International trade unionism is going on the offensive... We are going to argue for standards in the new world trade order," he said. — Reuter.

instance, who have ended up without any proper provision being made for payment of their tax or social security."

Under EU voting procedures, Britain needs the support of two other larger countries, as well as some smaller ones, to maintain a veto on the directive. But Spain, which held the EU presidency until the end of last year, and Italy have indicated that they will join Germany, France and other countries which have been pressing for action on the problem of exploited foreign workers.

A Commission official said yesterday that there was a good chance that the directive would be passed under the Italian presidency in the next six months.

"The idea is to set some minimum standards so that employers and employees know where they stand. It will not prevent the free movement of workers but it will make it harder for cowboy employers to undercut local competition because of the poor terms on which they hire workers."

The directive is primarily aimed at construction workers, who are recruited by agencies in their own countries to work in Germany, France and the better paid states for much lower wages and with little or no social security cover.

The Italian draft directive will exclude certain job categories and professions and is not intended to cover people going to other EU countries to seek jobs on their own — such as au pair work or short-term seasonal jobs.

British officials in Brussels admitted that a qualified majority in support of the directive was more likely now.

But the Government still opposes the directive, which it believes will make it harder for Britons to take low-paid jobs in Germany. It reserves the right to challenge the legal base of the proposed law in the European Court, even if Britain is outvoted in the Council of Ministers.

Eye surgeon sets sights on Yeltsin challenge

Money and fame may not be enough for the latest candidate to join the presidential race, writes David Hearst in Moscow

A MILLIONAIRE eye surgeon, the former Soviet Union's favourite entrepreneur, declared this week that he would stand for president. But many doubt Vyacheslav Fyodorov's ability to become the "third force" in Russian politics.

Boostered by his relative success in December's parliamentary elections, Professor Fyodorov will present himself as an opponent of the communists and a reasonable alternative to President Boris Yeltsin.

His Party of Working People's Self-government advocates a woolly concept of "people's capitalism" and condemns the high tax regime of the monetarists and

the central state controls of the old regime.

The party won 2.7 million votes but failed to reach the 5 per cent of votes cast nationally needed to enter the state Duma (parliament).

Prof Fyodorov has been proposed by one of the 36 so-called "initiative" groups, but there are already 29 other candidates, many more charismatic and richer than he.

The competition for "third place" will be fought between the extreme nationalist Vladimir Zhirinovskiy, General Alexander Lebed, the charismatic former commander of the 14th Army, Grigori Yavlinski, the liberal economist, and Sergei Mavrodi, the wealthy founder of the

MMM pyramid share-selling scheme.

Even Viktor Chernomyrdin, the prime minister, has been proposed by a group in St Petersburg as a rival candidate to Mr Yeltsin.

Prof Fyodorov, aged 68, rose to national fame almost 10 years ago by designing a conveyor-belt system for delicate eye surgery, reducing the cost of laser technology on operations for myopia.

His work became so famous that the former communist state allowed him to use hard currency earnings from foreign patients to subsidise operations on Russian patients. He built an enormous list of patients in Moscow, and opened a network of hospitals

has fallen into bad company. He said on NTV television: "Yeltsin is a man of power. Power is his ideology, his friend, his concubine, his mistress, his passion. Everything that goes beyond that, beyond the struggle for power, concerns him much less."

But in his book Mr Kostikov makes digs at General Alexander Korzhakov, Mr Yeltsin's bodyguard, and Mikhail Barsukov, head of the Federal Security Service.

He writes that he received a statue of a Franciscan monk from the two men when he took up his appointment at the Vatican.

"But when you bend the figure slightly backwards, an enormous penis of strong violet colour appeared from under the figure's cloak. I laughed together with the donors. They also laughed."

Monster haunts Florence again after legal doubt

John Hooper in Rome

THE city of Florence gave an immense collective sigh of relief when an elderly Tuscan farmer was led weeping from court 15 months ago to begin a life sentence for murder. The jury had decided that Pietro Pacciani, aged 69, was the Monster of Florence, the serial killer responsible for at least seven double murders between 1968 and 1985.

But a senior prosecutor told an appeal court yesterday that the state no longer believed the evidence on which Pacciani was convicted. "As things stand, the adequacy of the evidence is neither certain nor even probable," Piero Tony said.

He asked the appeal judges to authorise new tests on a vital piece of bal-

istic evidence, but added that unless the tests proved Pacciani's guilt they should order his immediate release.

Providing the "Monster" has not died since he last struck, one possible conclusion is to be drawn from yesterday's about-turn is chilling: the serial killer who stalked one of the world's most popular tourist destinations is still at large.

Pacciani was tried for the murder of 16 people, mostly courting couples, all shot with a 22 Beretta pistol in the hills around Florence. The killer's gruesome trademark was to cut off the pubic hair and part of one breast of his women victims. Pacciani was acquitted of two murders.

Mr Tony said he wanted further tests on an exploded bullet, of the same calibre as the murder weapon, which was found on Pacciani's property.

Pacciani's lawyers maintained that the tests were unlikely to yield anything new and said they would ask the court to free their client immediately.

Pacciani's trial split Italy. He tearfully pleaded his innocence and the evidence against him was almost wholly circumstantial. A key reason for the prosecution's change of heart was that Pacciani did not fit the psychiatric profile provided by experts.

Mr Tony conceded that Pacciani "combined a good deal of the worst in human nature". He had served prison sentences for raping both his daughters, and for sexually assaulting a woman friend and stabbing her lover to death. Yet psychologists giving evidence at his trial agreed that the "Monster" was someone incapable of having sexual relations of any sort.

News in brief

- Picasso theft at airport** Three prized works of art — two Picassos and a Pissarro — were stolen from New York's JFK airport last week after a baggage handling company allegedly neglected to arrange security for them, writes Ian Katz in New York. The two paintings and a drawing, valued at £10 million, were brought into the United States by a Mexican businessman last Thursday. Told at the airport that he needed special documents, he left the works with an AeroMexico agent, who reportedly passed them to a baggage handler for storage.
- Killer blizzards** Severe blizzards on China's remote Qinghai plateau have killed at least 42 people and injured 40,000, an official report said yesterday. — AP.
- Haitian handover** Port-au-Prince took on a carnival air as Haiti prepared for its first transition from one democratically elected president to another today. René Préval is to succeed Jean-Bertrand Aristide, on the 10th anniversary of the fall of Jean-Claude "Baby Doc" Duvalier. — Reuter.
- Robbing the rich** Algeria's prime minister, Ahmed Ouyahia, said yesterday that the pay of better-paid civil servants would be docked till the end of the year to give several months' back-pay to 200,000 lower-income employees. — Reuter.
- Dolphins in danger** Fewer than 100 Yangtze river dolphins remain, and they will become extinct — owing to pollution, boat traffic, fishing and dams — unless given greater protection, Chinese experts say. — AP.

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But — oh, by the way, it's all right to start sentences with prepositions — I decided to conduct my own check-up of the language, as spoken and written across TV, theatre, literature, pop, newspapers, politics and radio.

G2 cover story

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Forget the small change
British Gas's problems go deeper than perks

CEDRIC BROWN'S premature retirement as chief executive of British Gas will doubtless grab most of the headlines today following all the "fat cat" allegations about him. But it should not disguise the much more serious state of the entire energy market as we approach the tenth anniversary of privatisation. The electricity industry is being forced by public outrage to return to shareholders and customers some of its monopoly profits: the nuclear industry has stopped building nuclear plants because they are uneconomic; the second biggest privatised coal company was yesterday put into administration and the Confederation of Coal Producers complains that "take-or-pay" gas contracts have caused the unnecessary closure of many collieries and the loss of thousands of jobs. To cap it all British Gas said that following the long-term contracts it had entered into (with potential losses of up to £1.5 billion) it had decided to split the group into two — one part containing its assets (exploration and pipelines) and the other its liabilities (gas trading and supply). It presumably hopes that by plugging its huge liabilities into one company it will negotiate a better deal with its suppliers from a position of weakness. Maybe.

British Gas must carry the can for the appalling state it has got itself into, but the Government itself bears a big share of the responsibility. In 1986 it privatised BG with its monopoly powers intact. Some, including this newspaper, argued for it to be split into smaller parts and exposed to competition. The Government was talked out of it by BG and it was sold as a single monopoly. In this way the Treasury got a higher price than it would have if competition had been introduced. BG's negotiation of contracts compelling it to take gas at a fixed price even if it didn't want it was crazy economically, but safe financially as long as BG kept its monopoly of purchasing and distribution. But when the Government reacted to public outrage by removing BG's monopoly it left a time-bomb in its accounts in the form of £40 billion worth of supply contracts stretching over 20 years. The Government introduced competition on the commercial side — which resulted in BG's domestic market share slumping from 90 per cent in 1990 to only 35 per cent in 1994. More recently, it has decided to open the domestic market to competition (from April), which may lead to price cuts of 10 to 15 per cent with goodness knows what effect on BG's domestic market share. The Government has achieved the unlikely double of enraging stockholders, whose shares fell by 34 per cent last year relative to the FT index, and consumers who have been upset by the boardroom perks snapped up by top executives as a reward for getting the industry into serious difficulties. One consequence of the take-or-pay gas contracts is that, since they have to be paid for anyway, the supplies have been accepted and fed into the national electricity pool at the expense of coal-fired supplies thereby triggering unnecessary pit closures. This is the price we have had to pay for the complete absence of an energy policy other than privatisation. It is still not a free market. The National Grid (which has problems of its own arising from excess profits and shortage of capacity) accepts supplies first from nuclear stations (because they have to be operated around the clock), second from gas (because of the take-and-pay clauses), third from the undersea link from France and only as a last resort from Britain's much diminished coal industry. Compared with these problems the (justifiable) furore over Cedric Brown's salary is merely floundering around with the small change.

All's Right with the welfare state
Kenneth Clarke scores high on politics but low on vision

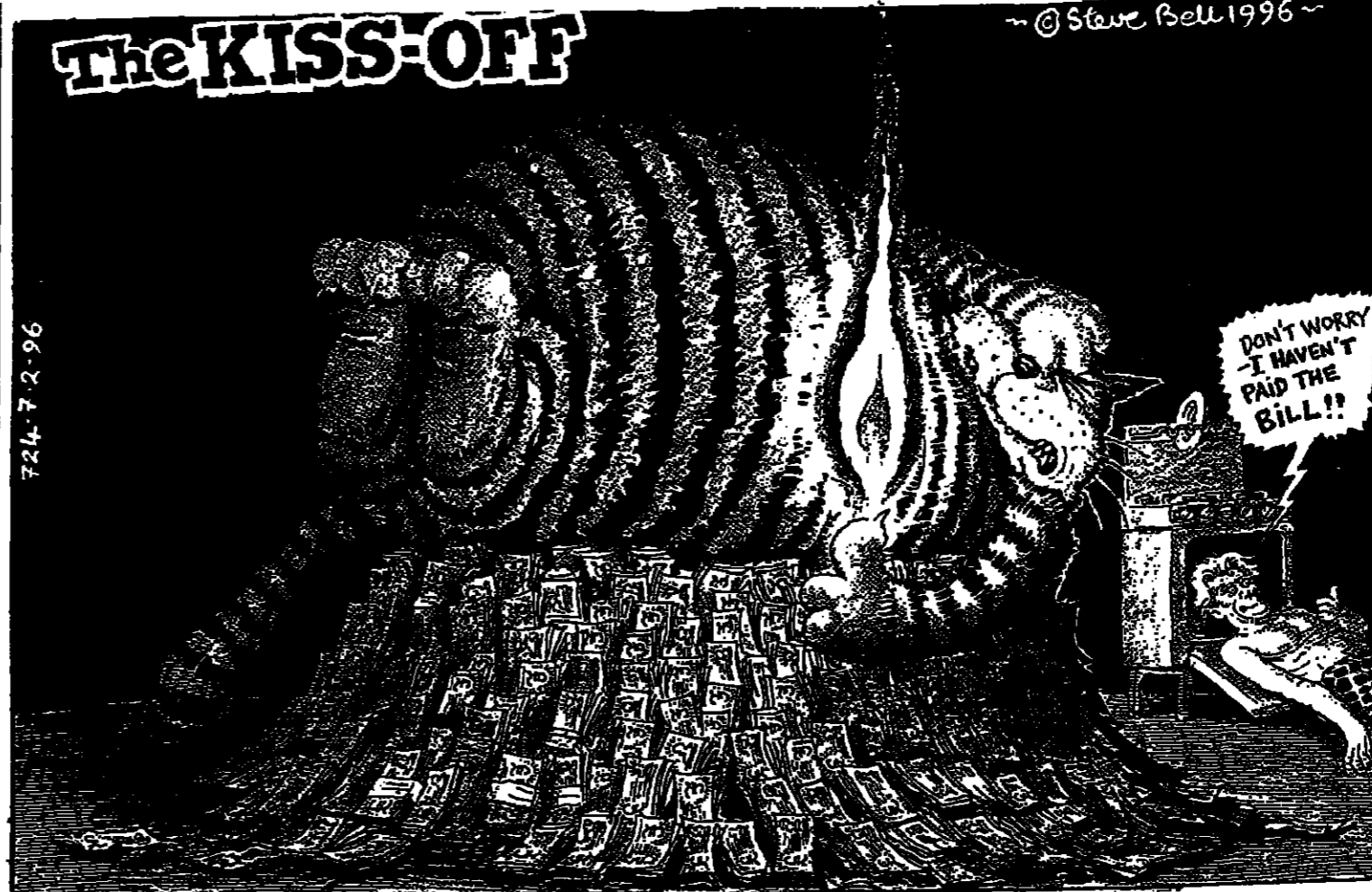
LET the Chancellor be judged by his own yardstick. According to his keenly-anticipated speech on the welfare state yesterday, Kenneth Clarke spoke of the social support that is needed in a modern flexible economy: "People need to be reassured more than ever before that, through thick and thin, their health will be looked after, their children educated, and a safety net provided for their old age and periods of involuntary unemployment." Well is it? The health headlines over the last three months show how far short his ambition falls in the NHS: ministers suggesting people should budget for £40,000 to cover the cost of residential or nursing home care in their old age; more than one in three cardiac rehabilitation centres operates an age limit; and a cutback in routine screenings — as almost one in three health authorities start explicit rationing of treatments. Yesterday's annual report from the Chief Inspector of Schools shows children are not being adequately educated: half of all primary schools and two-fifths of secondary schools are failing to teach children to a satisfactory standard. Last month's report from the Anson Committee shows the degree to which the basic pension has shrunk. It is now worth only 15 per cent of average earnings requiring almost two million of the 10 million pensioners to turn to income support. And unemployment pay has just been cut from 12 to 6 months. In an earlier era, even a Conservative

minister might have been promising to improve on this level of provision. Certainly Sir Keith Joseph used to do so in his term at Health and Social Security. But not any more. Billed as a major defence of the welfare state, the Chancellor's speech was mostly devoted to the need to reduce public expenditure below 40 per cent — and his expectation that this will be achieved by 1997/98. There were no new ideas, new options, or new welfare-to-work models set out. There were not even the detailed statistics which Peter Lilley has used to justify reining in welfare. For the record it is worth repeating that the UK was seventeenth out of 21 OECD member states in the last international league table in the proportion of GDP spent on social protection (health, social security and education). It was the UK which took the lead in Europe in cutting benefits, a move which left the poorest tenth 17 per cent worse off in real terms. No other industrialised state has suffered such a regressive redistribution from poor to rich. In the words of another Conservative, Sir Ian Gilmour "the sacrifice upon the poor produced nothing miraculous except for the rich". And yet, far from saying these regressive moves must be reversed, the leading liberal Tory spent most of his time yesterday protecting his back from the right: "Big government is out — limited government is in." Or put another way: large vision is over, stick to narrow ambition and limited horizons.

Politics at the popping crease
Aussie refusal to go to Colombo is but the start of the problem

THE AUSTRALIAN decision to ask for their World Cup fixture to be moved away from Sri Lanka was not particularly whimsical. It is less than a week since a massive bomb attack in Colombo showed the deadly power of the Tamil Tigers to evade security. Official assurances that the World Cup teams will be given the protection normally afforded to heads of state are not convincing. Suicide bombers have shown their ability to penetrate such cordons, and the Cup offers a tempting target. Cricketers expect to face hostile action at the crease rather than outside it. But Colombo's unhappiness is understandable. Australia's Foreign Minister Gareth Evans has been ill advised to get himself involved, bringing down threats from his Sri Lankan counterpart that any official action by Canberra will be regarded as a "hostile act." Mr Evans has denied any interference while siding openly with the Aus-

tralian Cricket Board's decision. The West Indian Cricket Board of Control has upset Colombo further. Their request for rescheduling is based, they say, on "reliable intelligence information." This can only heighten Sri Lankan feelings that there is a conspiracy against them. The World Cup is about money and prestige as well as about principle: the decision in 1993 to locate in the sub-continent was swayed by the finance on offer. The Aussies and West Indians should be prepared to pay compensation for the loss which Colombo will suffer. They have also offered to forfeit points, which may give Sri Lanka instant access to the quarter-finals. This will not be an easy contest anyhow. Hindu extremists in India, encouraged by leaders of the extremist Shiv Sena party in Bombay, are denouncing Pakistan's participation. Any disturbance on that axis would mean disaster.



Letters to the Editor
The politics of jargon

HAD you not explained in a footnote to his article that Philip Gould is a Labour strategist? I believe I would have guessed as much (Class workers, February 5). For example:
● In authentic New Labour style, not a mention of policy and the word 'used' only twice, and then with negative connotations.
● Management-speak incoherence much in evidence: Gould's prose is awash with purpose, values, trust, conviction, listening, participation, etc. A pious platitude, being much given to platitudinising, he probably does not realise the offence that even the most cynical Guardian reader takes at his declaration, post-harmon, that "the modernisation" of Labour voters in the past. Paradoxically (to use Mr Seddon's favourite word) he acknowledges that "Labour stands on the threshold of a spectacular election victory". That Tony Blair has achieved this without the likes of Mr Seddon is clear. So why, pray, should New Labour listen to him now?
John Bartle,
Department of Government,
15 Spill Street,
Essex, Colchester.

VALUES... honesty, conviction and vision" — yes, yes Mr Gould, but we've been listening to this mood music for two and a half years now and it's getting to be as irritating as the umpteenth repetition of a TV ad. Could we now have something different, please?
C C Wrigley,
Over Chess,
Rickmansworth Road,
Chorleywood,
Herts WD3 5SB.

PHILIP Gould and Roy Hattersley (Economic Affairs, February 5) — and indeed Tony Blair himself — might carry a little conviction if they stopped mouthing off. As Gould himself says: "Winning trust... is about backing up what we say with what we do." They could make a start by answering Suzanne Moore's 10 questions (February 1) and go on to one or two others. Would Labour introduce a graduate tax as a means of funding a further expansion of higher education? Would Labour tax child benefit so as to make more resources available for the less affluent?
Richard Jameson,
11 Malting Lane,
Aldbury,
Hertfordshire HP23 5RH.

Shepherd and Woodhead assessed and found wanting

I AM not at all surprised that Chris Woodhead and Gillian Shepherd fail to emphasise the part that under-funding plays in the performance of our schools (Nearly half of schools 'failing', February 6). It is no doubt a sense of shared guilt that leads to this silence. Mr Woodhead has a direct responsibility for the millions wasted by the Schools Examination and Assessment Council, the National Curriculum Council and now the School Curriculum and Assessment Authority, in providing us with a National Curriculum that did not work and tests and assessments which parody their proclaimed function. There was a time that the post of Her Majesty's Chief Inspector was prized for its integrity and independent commitment to educational standards. It is sad to see this apparently being exchanged for a minor acting role in the Government's pre-election campaign.
Robert Black,
13 Wheelton Avenue,
Derby DE22 1EP.

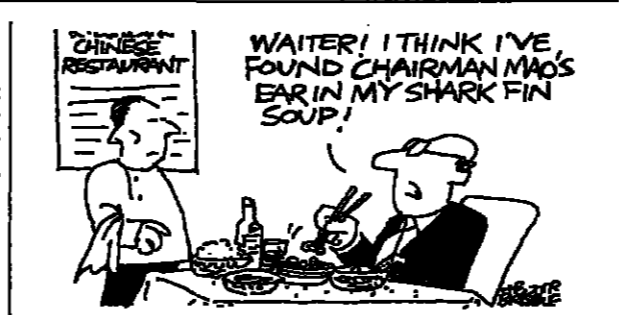
WOULD Chris Woodhead be less severe on teachers if his analyses excluded children watching 26 hours of TV a week, those with TV sets in their bedrooms, those without a book in the home, and those who are allowed to roam the streets until all hours? And would learning improve if there were no TV before 9am, none from 4.30 till 7pm — to allow for homework, tea, and family conversation — and an evening curfew for children, with times related to age?
Bill Moore,
Bradford Dale,
Youlgrave,
Derbyshire.

CHRIS WOODHEAD has never been a primary school teacher, yet, as Chief HMCI, he regularly pronounces on those of us who persist at this most demanding of occupations. Whenever primary schools are mentioned, comment is usually restricted to saying how badly they are doing. I, for one, am tired of being patronised.
Adrian Townsend,
Headteacher,
New Hinksey First School,
Vicarage Road,
Oxford OX1 4RQ.

SEE Chris Woodhead thinks the main problem in primary education is 15,000 poor teachers. My husband has been poor ever since he became a teacher 25 years ago. Could a decent pay rise improve the situation?
K Cotter,
10 Lauds Road,
Crick,
Northampton NN6 7TJ.

Language school

FOLLOWING your recent correspondence about superfluous apostrophes and prepositions outside of all reason: far more serious are misused or, more frequently, mis-non-used hyphens, which can cause ambiguity and even change of sense. Thus a "black cab driver" may be a black cab-driver or a black-cab driver (and either may be a black black-cab driver); and who would prefer a cam-corder with low light sensitivity to one with low-light sensitivity?
S J Hazzard,
4 Pymers Mead,
London SE21 8NQ.



Chairman Mao lends an ear

THE pickling of Chairman Mao (Beijing Daily, February 5) was certainly less than perfect. Some years ago, one of his ears detached itself and lay beside him looking like a dried mushroom. The Chinese were in an exquisite state of embarrassment, because to notice and repair this defect implied an admission that it had happened — an unthinkable loss

of face, far worse than Mao's loss of ear. The dilemma was solved, so they say, by an American barbarian who remarked loudly in the crowded mausoleum: "Hey, the guy's ear's fallen off." The superglue seems to be lasting well.
Alison Prince,
Burnfoot, Whiting Bay,
Isle of Arran KA27 9QL.

Bad sports

LORD Thomson's assertion that public interest is best served when popular sports events are screened on terrestrial television channels (Foul in the box, February 8) is an interesting, if unoriginal, restatement of the argument against allowing BSkyB to buy ever more rights.

Greek farce

THE personal attack on me by James Pettifer (Letters, February 3), under the headline, "The dishonourable consul", was unworthy of your newspaper. Scarcely any of the factual statements or innuendoes relate to the truth.

It's a set-up

I WAS concerned by the absence of Manchester from the English Tourist Board movie map (Arts, February 3). In particular this omitted Albert Finney's fine film Charlie Bubbles. This has two icons of our time: Liza Minnelli seducing Albert Finney in the Piccadilly Hotel, and a visit to Manchester United's ground. As they also missed out the scenes in Lolita filmed bizarrely in the Kent suburbs, I put this down to the Board's philistine understanding of cinema, and not southern bias.
Chris Jeffries,
1 Queens Road, Chesham,
Cheshire SK5 3FG.

Bad sports

LORD Thomson's assertion that public interest is best served when popular sports events are screened on terrestrial television channels (Foul in the box, February 8) is an interesting, if unoriginal, restatement of the argument against allowing BSkyB to buy ever more rights. However, isn't this the same Lord Thomson who, as chairman of the Independent Broadcasting Authority, presided over the collision between ITV and BBC to keep football off our television screens for six months in 1985, so that the two broadcasters could drive down the price they paid for football rights? Lord Thomson might also remember that it took the intervention in 1988 of the now defunct satellite service, BS2, to force ITV and BBC to compete with each other for sports rights, ending the cosy duopoly that had existed for so long. I am not aware of any initiative by Lord Thomson's IBA to end this grossly unfair practice.
Lynton Guest,
7A Cheniston Gardens,
London W8 6TG.

Please include a full postal address, even on e-mailed letters, and a telephone number. We may edit letters; shorter ones are more likely to appear.

United we shall withstand

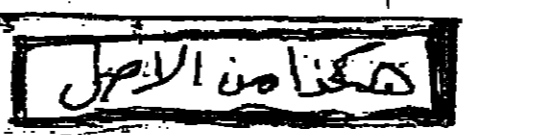
TOM HODGKINSON betrays a breathtaking ignorance of modern trade unions (Tessa stars in the revival of DIY, February 6). In today's increasingly insecure and hostile workplace, where working people are vulnerable to harassment, bullying and discrimination, the role of unions is crucial in protecting the rights of all people at work. Unions legitimately negotiate and campaign for decent pay and conditions for their members. They also provide a range of the type of services he claims they do not, such as legal advice and representation. For example, had Mr Hodgkinson done any research, he would have discovered that unions won £304 million for individuals who were injured

at work last year. And every year, trade unions take around 120,000 personal-injury cases, and tens of thousands of employment-rights cases, to industrial tribunals. Most TUC unions also offer their members free legal advice on non-work issues through a scheme run jointly with the Law Society. These legal services are all provided at a fraction of the cost that lawyers would charge. Perhaps Mr Hodgkinson should talk to some of these people to see whether they would swap the protection of their union for the jungle of individual deals he advocates.
John Monks,
General Secretary,
Trades Union Congress,
Great Russell Street,
London WC1B 3LS.

A Country Diary

EXTREMADURA, SPAIN: Five wet winter days in the evergreen wood pastures of south-west Spain produced such exhilarating vistas plus 11 bird species entirely new to me — that it would be invidious to single out one overriding image. The dehesa is a sight to see: a vast, open forest of pollarded cork and holm-oaks with something of the character of a savannah or a half-finished landscape park. And fringing it, in the company of wild boar, dark-skinned, semi-domesticated pigs and white cattle, was a bewildering collage of birds: small family parties of wintering cranes stalking dominantly between the trees; spotted starlings (with black on their plumage instead of the shiny satin of our species); egrets and storks, great grey shrikes on the fences, black-shouldered kites hovering above the roads like enormous pie-bald kestrels; and flocks of great bustards, the size of turkeys, strung out like a frieze

against the snowy slopes of the Sierra de Gredos. But there is a bird that lingers on the sense buds longer, the azure-winged magpie, a smaller cousin of our much-demoralised bird, with sky-blue wings and tail, pinkish body and sooty-black crown. They are extravagant creatures, and huge fun — gregarious, noisy, restless, and given to elegant exotic plumage. It is odd that they are here at all. Their main, and only other, centre of population is in east-central Asia, 6,000 miles away, and it's been suggested that they may have been introduced to Spain by sailors coming back from China. Yet their distribution isn't expanding (which usually happens with successful introductions) and they continue to look both touchingly incongruous in this archaic habitat and absolutely at home. I would bet they are a true relic population, happy in a habitat that has barely changed in the past 4,000 years.
RICHARD MABEY



Diary
Matthew Norman

THE star of my old friend Mandy Manderson shines ever more brightly. In succession to Joy Johnson, the MP for Hartlepool has been put in charge of all party campaigning (not, as before, merely the election run-up). An oddly recent Mr Tony Blair has mentioned the appointment only to the Shadow Cabinet, which heard the news on Friday. On Monday — fully a day after Mandy's appointment — a newspaper he wanted to stop being "a fixer" and become "a serious politician" — he arrived at the new communications HQ on Millbank. After a wittily self-parodic opening speech (the team's work must be characterised, he said, by "openness and honesty"), the scene took on the aura of Hello Dolly! "I'm glad to be back," said Mandy, who had the job officially from Neil Kinnock. "I wish I'd never left." At this, usually icy Blair-apparatchik Margaret McDonagh cooed: "We wish you'd never left." Mandy, "Less thrilled, however, will be Patsy Prescott, at last time of checking, the Labour chump was official campaign chief. General secretary Tom Sawyer may also regret this transfer of power from West North Road to Mandy Millbank.

THE Diary wishes to end the distasteful speculation about Lord Wyatt of Woodroffe's contribution to yesterday's Broadcasting Bill debate. Woody, as TV viewers noted, spoke with enormous eloquence ("Sky B. err... Sky B. umm... Sky television...") was one purple patch about Sky Sports. The contribution to British sport, and he did so from the heart. He did not do so because Rupert Murdoch pays him over £200,000 a year for a weekly column in the Times, and a fortnightly one on page 46 of the News of the World. Let that be an end to it.

I AM now leaving my daily phone message for Dr Julian Lewis, the Tory radio ham, in a demoted whisper: if, as suspected, he is in the clutches of Central Office infiltrators, they must not overhear. It's completely illogical, of course, but what place does logic have in the heart of a frantic friend?

ACCORDING to Julian's best Tory ambassador Brian Mahon, co-ordination is vital: organs of government must synchronise their pronouncements for maximum impact and minimum embarrassment. Take last Wednesday. One minute, the Chief Inspector of Schools made the sparklingly original call for "a return to traditional teaching methods", and the next — by way of drumming home the point about falling standards — Mr Mahon put out a press release that concluded: "Yet again, Labour is exposed as a party which does not practice what it preaches." Tut, tut. Must try harder.

I AM delighted to note that the Exister Darius Guppy has been released from prison early after compensation of £165,500 was paid into a Lloyd's syndicate. The money was paid, according to the tabloids, by "a mystery man". It couldn't be could it? I rang Boris the Jackal Johnson, Darius's close friend, yesterday, but he wasn't there. "The gov'nor's gawn out," said a wheezy, almost rasping voice in his ear. "He's gone down the Blind Beggar to meet a man about a staghorn lesson. If you know who I mean, Ha ha ha. But ah! I'll tell 'im you called. You watch out for yourself, my son... and stay lucky."

THE column of my old friend Sir John Junor in the Mail on Sunday causes alarm. Sir John's old problem with marks is getting out of hand, and the old boy now finds it near impossible to end any sentence without one. In last week's effort, he contrived 15, with no fewer than six in the lead item alone. I will monitor the situation closely from now on, and the moment the question mark count reaches 20, will personally take him to a support group for compulsive question-askers. For me it is not a terrible burden for a man to be unable to make up his mind about anything. I only ask.



Cashing in on the North Sea bubble

Commentary Will Hutton

SO AT LEAST one Conservative cabinet minister has been brave enough to come to the defence of the welfare state — and for that act of singular political courage the Chancellor deserves some praise. But such are the terms of the debate in the Conservative Party that Mr Clarke's speech yesterday still implies that education, health and social security spending will come under heavy pressure in the years ahead. It is some comfort that the pressure is less than it might have been; but no one should be confident that Mr Clarke's attachment to the concept of the welfare state will be backed by sufficient action to halt its current rate of attrition.

The Conservative Party's priority over welfare spending is not need, social cohesion or even affordability — for the funds, as you will see, are there to finance a more generous welfare system if we choose. Rather, just as Stalin's planners decided that

steel production should double whatever the circumstances, the central planners in the Conservative Party have arbitrarily decided that government expenditure should fall below 40 per cent of GDP. This is to be the yardstick of the good society — not, for example, class sizes, the speed of response of fire brigades to emergencies, hospital waiting-lists or well-stocked public libraries. Indeed few politicians and even fewer commentators seem to be aware just how extraordinarily tight the Government's spending plans are for the next three years. Mr Clarke may not have announced that he wants to get public spending down to 35 per cent of GDP — he knows it's crazy — but anybody with a stake in public services, consumer or worker alike, should be chilled by his commitment to keep public spending "more or less constant" over the next three years. Thus unlike the wider economy, growing at its average annual rate of around 2 per cent (measurably enough), the public sector is to be frozen. Ambitions to recruit more teachers or rehabilitate more prisoners — the kinds of expenditure one might expect as Britain grows richer — are killed stone-dead. Instead, the story will be of a public sector struggling to offer minimal pay rises to its staff, financed by job losses and a deteriorat-

ing service. Already the loss of 3,000 prison officers, the strains in the fire service and the ending of the reading-recovery programme bear testimony to what lies ahead. This comes on top of benefit rates which are continually falling back in relation to average earnings and to which entitlement is ever tougher. The continual leeching of youth-training programmes and the cut-back in TEC budgets are well-known. Free dentistry and eye services have long since gone, and formal and informal rationing in the NHS grows. Tertiary education is in near crisis as expenditure per student falls calamitously — hence the vice-chancellor's flirtation with charging undergraduates £300 entry fees. This is the "strong welfare state" to which the Chancellor claims he is attached, and which he believes is the handmaiden of flexibility because it reduces fear and opposition to change. Yet to argue for better investment the inevitable charge that it has to be paid for — and that in turn allegedly means higher income tax. Every radio and TV interviewer in the land, faithfully rehearsing Central Office's lines in the name of "balance", knows how to turn up the heat on anybody who dares to challenge the idea that depreciation, dilapidation and decay have to be the order of the day. It is a false

premise. Income tax provides only a quarter of all tax revenue. Indeed, it could even be cut and still there are potential funds in abundance to finance the kind of welfare state the British want. For example, unremarked and largely unreported, there is a boom in North Sea oil and gas production which already comfortably exceeds any year in the 1980s and will do so for the rest of the decade. Yet the tax yield is derisory — even to the point where the taxpayer is subsidising more new wild-cat oil-well drilling in British waters than in any other oil province in the world. The usual explanation for declining oil revenues is falling oil and gas prices, but an important paper sent to me recently by Sheffield University's Ian Rutledge and Philip Wright shows how that is only partly true; the real driver of the extraordinary collapse in oil revenues is what they describe as "the weakest petroleum taxation regime in the world".

OVER the past 12 years the Government has emasculated the tax system bequeathed it by the 1974-79 Labour government. Oil royalties have been abolished. Advance petroleum revenue tax (PRT) has been phased out in 1983 PRT for old fields was halved and abolished for new fields. Exploration, appraisal and, amazingly, development costs can be offset between fields. With the lowering of corporation tax to 33 per cent, some companies with smaller fields are being subsidised by the taxpayer, with Rutledge and Wright citing Ranger Oil as just one of many that seem to have recovered a substantial part of their tax payments. Forget falling oil prices; taxation for any pound of North Sea oil profit is a quarter of what it was 10 years ago

— and gross trading profits are actually higher! Just restoring the tax regime to where it stood in 1987 would deliver another £3 billion of revenues; and if we choose to be tougher, restoring oil royalties and a stricter system of relief, the take could increase significantly again. The net effect is that Britain comes second in the world league table for tax taxation of oil revenues prepared by the Geneva based oil consultants Petroconsultants. The Government takes just 33 per cent of oil-company cash flows, lower only than Ireland. But as Petroconsultants say, normally countries run light tax regimes when the prospects for discovery are poor and the infrastructure for landing, refining and shipping oil is weak. Extraordinarily and alone Britain represents the opposite; a light tax regime along with good discovery prospects and infrastructure — hence the sobriquet of being the world's weakest petroleum tax regime. Oil and gas executives deny the undeniable, but North Sea extraction rates give the lie to their protestations that the tax regime is just. If there were 15 years of oil reserves at current production levels in 1983, now there are fewer than five — with a similar pattern for gas. The industry is exploiting North Sea reserves of oil and gas mercilessly because the tax is so light — and before the regime changes. And if the Government had an ounce of propriety the regime could be toughened. What is the case for accelerating the depletion of British reserves of hydrocarbons, minimising the tax take and running an ever more threadbare welfare state as a result? These islands have become a milk cow as our social infrastructure rots — and all against a chorus that there is no alternative. It is as offensive as it is unjust.

Hunger is no excuse for wickedness

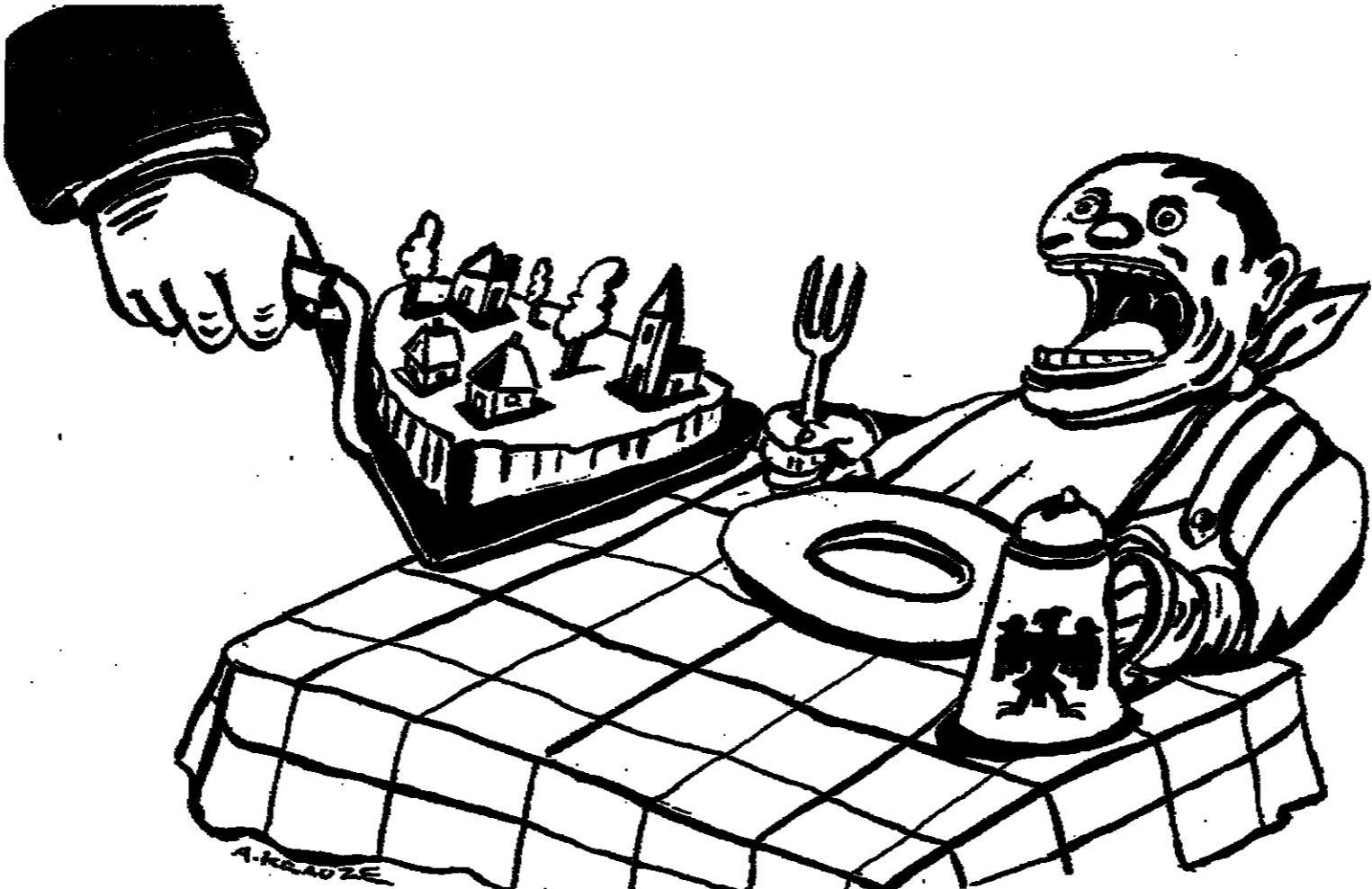


David McKie

AT THE TOP of the stairs which lead to the committee corridors of the Lords and Commons there's an area where MPs sponsor exhibitions to further causes they favour. Last week, at the invitation of the SDLP MP Eddie McGrady, it had a display from the Linen Hall Museum, Belfast, of printed sources on the state of Ireland between the census years of 1841 and 1851; the decade of the great famines. With its graphic accounts in words and sketches of immense human suffering, its bold posters advertising the sale of the goods of the broken and dispossessed, and its letters of desperate appeal to politicians in London to intervene before further disasters occurred, the exhibition carried the not-so-subliminal message: this is what Westminster did to the people of Ireland — or at least, what it condoned. But perhaps the most instructive exhibit got there by accident. It's a front-page editorial commentary from the Illustrated London News of August 1846. "Nothing is more cruel than a political or social enthusiast, when he meets with obstacles to the establishment or even the trial of his schemes of social and political regeneration," the paper wrote. "Is more pitiless than a theory. Nothing is more cruel than a political or social enthusiast, when he meets with obstacles to the establishment or even the trial of his schemes of social and political regeneration." These words were written not about Ireland — they are on display only because sketches from Ireland appear below — but about France, and specifically about the evolution of Robespierre — in the grip of an ideology which everything — from Honest Incorruptible to the architect of the Terror.

Revisionist historians have quarrelled with Woodham-Smith, but Trevelyan's own words establish him. What worried him perpetually was that aid would only feed dependence. The Irish were paying the price for their fecklessness. They must learn to stand on their own two feet (even while they were dying on them). The greatest evil we have to contend with," he wrote in December 1846, "is not the physical evil of the famine, but the moral evil of the selfish, perverse and turbulent character of the people." Whatever the people's sufferings, the laws of the market must not be gainsaid. Was food exported while Ireland starved? That must continue: free trade must survive. Was food being sold by private enterprise at prices most impoverished households could never afford? Those prices must not be undercut by government intervention, for that would interfere with the market. Were the costs of poor relief being sought from communities which could never conceivably pay them? They must pay even so. As Trevelyan's closest ally, the Chancellor of the Exchequer, Charles Wood, wrote to the Lord Lieutenant, the Earl of Clarendon: "Arrest, remain, do anything you can — send horse, foot and dragoons, all the world will applaud you, and I should not be so squeamish as to what I did, to the verge of the law and a little beyond." In time, Trevelyan found a convenient catch-all formula. The sufferings of the Irish, he said, were to be blamed on "the operation of natural causes".

The operation of natural causes to which, by definition, there is no alternative. Of what recent period in British history does that remind you? Woodham-Smith was writing in 1962, when Margaret Thatcher was a mere parliamentary secretary, and John Redwood was 11 and Michael Portillo nine. "Much of this obtuseness," she wrote of British administration in her memoirs, "sprang from the fanatical faith of mid-19th-century British politicians in the economic doctrine of laissez-faire, no interference by government, no meddling with the operation of natural causes". As those were written, Butskellism was still the natural order of politics. The Conservative Party remained true to the kind of welfare-state Conservatism for which Kenneth Clarke now risks the contempt of much of his party by continuing to preach. Few thought then that such warnings would ever be needed again.



Dirty deeds in the east

Norman Stone accuses the German government of mendacity in its dealings with citizens who lost land or property in the country's turbulent decades

CHANCELLOR Kohl has been having attacks of piety about Europe. However, he is not, at the moment, well-placed to be making such lessons, for his government has presided over a very nasty scandal, a breach of the constitution, over which the Chancellor himself seems to have just lied to the parliament. One very senior foreign-office man, Dieter Kasprap, who is now German ambassador in Italy, has been arraigned for perjury. The case has reached the European Court of Human Rights at Strasbourg, where a hearing — endlessly put off by Bonn — is soon to take place. And anyone who might suppose that constitutional courts and bills of rights are in themselves a proper answer needs to bear all of this in mind. The case in question involves a sum of money that could be anywhere from £3,000 million to £10,000 million. It concerns land, forests, castles and castles that were expropriated by this or that régime in Germany after 1933. Essentially, it is about some seven million acres in East Germany. Between 1945 and 1949, when the East German state was formally set up, there was a Soviet military administration, which presided over a supposed land-reform. Any estate greater than 250 acres was divided up; the forest land

was nationalised. In the fifties, the state took the land away from the peasants, and set up collectives. The former owners are a mixed bag. Some are very grand. Prince of Sax-Coburg (there is a British royal interest, too), a Prince Reuss — with castles to reclaim. Some were no doubt Nazis; others, such as the Busse-Haldenhausen family, resisted Hitler; quite a number refused to join the Nazi Party, but were not part of the active resistance. One or two are Jewish, unable to benefit from the compensation that has otherwise been quite widely available to German Jewish refugees. There are about 11,000 claimants, the majority people who lost a town house or a small manor and a few hundred acres between 1945 and 1949. In theory, these people should have had their property back when unification happened, in 1990. The Basic Law of West Germany states that private property is guaranteed, and it also states that citizens are to be treated equally. Of course, over property, this could be exceedingly difficult. There could quite easily be, quite legitimately, three or four claims for the same piece of land. But the government has departed from law, told detectable lies, tried to buy off people who were powerful enough to complain, and now goes round in circles. The Constitutional Court slyly accepted this

behaviour — a clear case of political justice. The claimants' case would have been much weaker if there had been any question of evicting innocent occupants from houses, and the like. But this was not their aim. They were concerned with the huge tracts of land, with factories and castles, that were in the hands of the state. It had been nationalised, and Bonn took it over in 1990, intending to sell it off. Bonn was adamant the land must not be returned to former owners. True, a compensation law has been passed. However, it offers 0.8 per cent of the value, in 10 years' time — it is so complicated, in terms of valuations and indexing and taxation, that the owners could conceivably have to pay the government.

JUST the same, exceptions have been made. If you are a communal administration or a political party — even the Communists — you get your property back. The American government insisted on proper compensation for American subjects, and obtained a special treaty to this effect in 1990. A British firm claimed back its property in the middle of Dresden, and got nowhere. However, the great Belgian chemical firm, Solvay, threatened to pull its operations right out of Germany, and so it got its East German holdings back. Pre-1945 and post-1949 claimants can win, similarly. German citizens, in other words, have not had equal treatment at all, and that is what the Strasbourg case concerns. Uganda, seeking to make good the deprivations of Idi Amin, has been more open and generous. All of this was difficult for Bonn. The law was being flouted. But the claimants also had powerful friends, who would have the government at social and political gatherings. It is an odd fact that descendants of the great German military families — Schlieffen, von der Goltz, Falkenhayn — moved in considerable numbers into business — a lawyer for the claimants is a Count Albrecht Schlieffen, who also works for Daimler-Benz. A Herr Kinkel or a Herr Waigel, dealing with the judicial and financial aspects of property restitution in 1990, would not find it easy to fend off enquiries from them, with their powerful industrial and banking backing. So the government found another way round. They said that, on unification, the Russians had made it a pre-condition for their agreement that property confiscations would not be reversed. Chancellor Kohl told the Bundestag as much in January 1991. The then chief negotiator of the foreign office, Dieter Kasprap, told the same story to the courts, when they were called in. Kasprap has been accused of perjury; he was let off, on the grounds that he was merely offering a subjective impression, not actual evidence. German lawyers are not impressed by this judgment. It suits them. But did the Soviet Union make a pre-condition of this kind? Two years ago, Gorbachev gave me an interview, and I asked him straight out: he answered "no". Shevardnadze, and, latterly, George Bush bore this out: of course there was no intention of infringing German sovereignty. What the Russians did want was something else altogether. They wanted to avoid being sued for damage done between 1945 and 1949 (of which there was a great deal). They wanted an indemnity, and got it. But this does not mean that they forbade Germans to deal with German property in Germany as they thought fit. Bonn was caught out in a straightforward lie. Now, of course you can sympathise. "The Junkers are back" would not be a welcome slogan. Property was anyway a nightmare, there was also a danger that the East Germans would be driven into a laager, and perpetuate the country's division. Fair enough, but we know now that there were other concerns. Finance Minister Waigel knew that the unification process was going to be very, very expensive — even at £100,000 million per year he underestimated it, for the price is twice as high and the German debt has grown threateningly large. How do you pay for this? The answer was through privatisation of the East German state's holdings. This was openly said, early in 1990, by the government, and it was put into the treaty between the two Germanies — before anyone had mentioned any alleged Soviet pre-condition. Since the claimants have cousins with access to government documents, their lawyers can now give plain evidence for what they say; they can, for instance, adduce the foreign office's own minutes, with Kasprap present, of the negotiations with the Russians (who, it turns out, even had to be prodded into demanding indemnification). On any historian's reading of this story, it is a very nasty one. Bonn had a defensible case. Shabby lies and arrogance wrecked it.

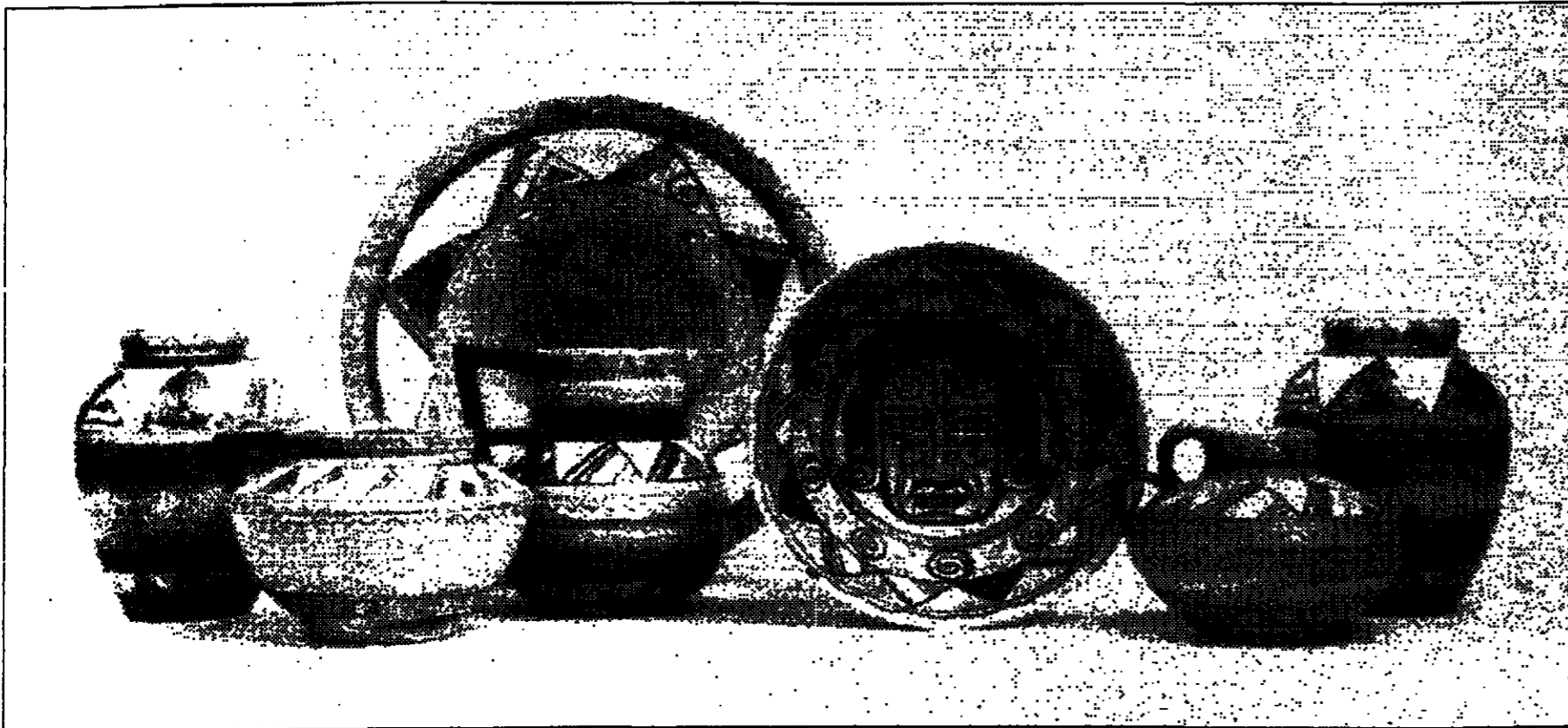
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SEIKO KINETIC

Mabel Leigh



Feats of clay... Mabel Leigh (below right) and (above) a group of Khimara bowls and vases decorated with her Period Pottery designs

Fired with enthusiasm

MABEL LEIGH, who has died aged 81, will be remembered for the art pottery she designed for *Shorter and Son* during the 1930s. Trained at the prestigious Burslem School of Art by the legendary Gordon Forsyth, she went on to work at the Royal Caudon pottery. There, she completed her apprenticeship under the guidance of Jack Price, the pottery designer and socialist, who was to influence her work and life fundamentally.

When Royal Caudon closed Leigh was offered the position of designer at the

Shorter pottery in Stoke-on-Trent. Although still only 18, she was given her own studio, where she trained four talented women painters to decorate her unique pottery. With its native ethnic patterns, her Period Pottery, based on designs from the Middle East, Africa and Central America, reflected the art deco style, and was Shorter's most prestigious work. It received national acclaim after an exhibition in 1933 in the firm's London showrooms.

The Shorter group of factories included the Wilkinson and Newport potteries. Leigh's work was marketed

as a design contrast and as a consumer alternative to the outrageous Jazz Age and Bizarre ware designed by Clarice Cliff at Newport. Leigh was strong-minded and fiercely supportive of the young women pottery workers. She became increasingly dissatisfied with conditions in Shorter's Victorian factory and the restrictions imposed on her artistic development. After two intensely productive years she left to work at the Crown Ducal pottery with Charlotte Rhead.

After the second world war when she was in intelligence work, Leigh was employed by Gordon Forsyth to help in

the development of the ceramics export market. She last worked at the Royal Winton pottery, where she spent many happy and productive years before her premature retirement in 1964.

With her beloved husband John, Mabel Leigh renovated an old schoolhouse in North Wales and created a magical Japanese garden as a haven for wildlife. As a freelance artist she hand-decorated tiles for H and G Thynne, but she spent much of her retirement painting and embroidering cats which found their way to her doorstep.

A charismatic, lovable per-

son, with a tremendous sense of fun and a capacity for seeing beauty and goodness in everything and everyone, Mabel Leigh inspired the affection of all who met her. An exhibition of Shorter pottery, including a large proportion of her work, toured the museums of South-west England and the Hanley Museum, Stoke-on-Trent in 1992 and 1993. Today, her work is sought and treasured by an ardent band of collectors.

Irene & Gordon Hopwood
Mabel Leigh, potter, born January 5, 1915; died January 22, 1996



Denise Grey

Stepping out at the Folies

DENISE GREY, who has died aged 99, was a pillar of the French theatre and cinema, an actress whose career embraced every sort of drama and entertainment.

Born near Turin as Edouardine Verthuy, her father was an architectural supervisor who went to work in Paris when Denise was four. She began her career as a *revueuse*, then took to fashion modelling — in the pioneer days of the cinema this was one of the natural routes into screen acting.

Grey was cast in her first movie role in 1913 (*Mademoiselle Etchikan*), but it was an engagement at the Folies Bergère in 1915 that launched her. She began as a walk-on in various patriotic tableaux, but when one of the show's stars, a singer called Hilda May, arrived drunk, Denise took her place and gave such a spirited impersonation of her that she was given the lead.

She starred in the next *revue*, *A La Parisienne*, which included scenes with

such enigmatic titles as *A New Adventure Of The Mona Lisa*, *The Triumph Of French Industry* and *The Revue Factory*. After being spotted by the singer/composer Saint-Germier, she was given a solo spot at the cabaret *La Pied Qui Chante*.

Throughout the 1920s and 1930s, Grey played on the stage in Paris and in films including *Les Bleus De l'Amour* and *Adieu, Léonard*. But her greatest successes came later in life. After the occupation of 1941 and among her later successes were *Harold Et Maude* and *Claude Pinoteau's The Party*, in which she played Sophie Marceau's grandmother. She co-starred with her daughter, Suzanne Grey, and her great-granddaughter in a revival of *Arsenic And Old Lace*. Her last play was *Robert Lamoureux's La Soupière*.

"I love life, I am very happy that God has let me stay awhile on earth," she said in 1991. "I'm going to rest, going to my little seaside house."



Denise Grey...sparkling

she was a member of the company at the *Comédie Française*, together with such great figures as Marie Bell, Madeline Renaud and Jean Louis Barrault, specialising in roles such as *Dorine* in *Tartuffe* — she claimed it was her ability to speak with an authentic Norman accent that made her a success. She also appeared in one of the most successful French films of the late 1940s, *Claude Autant-Lara's Le Diable Au Corps (Devil In The Flesh)*.

In 1960 Grey played the mother in *George And Margaret*. The critic Jean-Jacques Gautier wrote: "As for Denise Grey in the dizzy role of the mother, she brings a breath of life, she sparkles, she bubbles, she preens, she makes one laugh until the tears come."

Grey continued acting until 1991 and among her later successes were *Harold Et Maude* and *Claude Pinoteau's The Party*, in which she played Sophie Marceau's grandmother. She co-starred with her daughter, Suzanne Grey, and her great-granddaughter in a revival of *Arsenic And Old Lace*. Her last play was *Robert Lamoureux's La Soupière*.

"I love life, I am very happy that God has let me stay awhile on earth," she said in 1991. "I'm going to rest, going to my little seaside house."

Patrick O'Connor
Denise Grey (Edouardine Verthuy), actress, born September 17, 1896; died January 13, 1996

Ray McIntire

Cups of plenty

SIXTY TWO years ago, the American chemical engineer Ray McIntire, who has died aged 77, changed the habits of the world through the accidental invention of rigid polystyrene-foamed plastic in the laboratories of the Dow Chemical Company. His discovery, patented by Dow in 1944 and marketed under the trade name Styrofoam, is one of the century's outstanding examples of scientific serendipity.

Driven by the shortage of natural latex during the second world war, the Dow laboratory was investigating the synthesis of rubber-like polymers with the aim of developing a good flexible insulator. McIntire made a mixture of styrene and isobutene (isobutylene) which he thought would polymerise under pressure to produce a solid but flexible material.

There turned out to be more isobutene in the mix than was needed for polymerisation. As pressure was released in his benchtop reactor, the excess isobutene vapourised as tiny bubbles throughout the mixture, acting as a "blowing agent" to produce a rigid and extremely light-

weight foam that was about 30 times the expected volume of polymer. The material was stable, inert, relatively cheap and an extremely good thermal insulator.

Within a few years, under the Dow patent, it carved out a worldwide niche as a new kind of building insulator. As special moulding and forming techniques were developed, expanded polystyrene appeared in a host of forms, from packaging and spray insulation to the ubiquitous office coffee beaker — all of them direct descendants of McIntire's discovery.

ALTHOUGH the patent ran out in the late 1950s, and many other large plastics companies produced their own foams, by 1996 Dow alone had 22 major plants throughout the world manufacturing foam materials based on McIntire's discovery. The quintessence of a quietly dedicated company man, he received no direct reward for his discovery, continuing to work for Dow at an increasingly senior level until he retired in 1981, having worked his entire career at the chemical company. He directed research

on fibres at the Dow plant at James River, Virginia, from 1957 to 1964, returning to Michigan as director of technology, a role in which he was concerned with protection of innovations and the acquisition of patents and licences.

However, in spite of this apparent total dedication to science and technology, McIntire had an unexpected breadth of interests and talents. He was a great walker, a great reader, a student of history and a gifted singer. For many years he was a member of the Dow chorus, a choir as well-known in America for its public concerts as, for example, the Black Dyke Mills brass band is in Britain.

Ray McIntire was born in Gardner, Kansas, and graduated from the University of Kansas in 1940 with a science degree and engineering honours. He joined Dow from university and settled in Midland, Michigan. He is survived by his wife and by a son, a daughter and four grandchildren.

Anthony Tucker
Ray McIntire, chemical engineer, born August 24, 1918; died February 2, 1996

Giles Playfair

Intellectually speaking

A TEASE, a humanist, a scholar, a curio — these were chief aspects of Giles Playfair, the writer, who has died aged 85. He was my and my wife's closest friend, ever since we met him in 1943 when we were members of a small New York group interested in theatre history.

Giles, who had already published his biography of Edmund Keam, and who was in a wartime British government job in Manhattan, was invited to a meeting of the group with his then wife Carol. Subsequently, the Playfairs asked the group to their Connecticut home for an afternoon, and not long after, invited my wife and I by ourselves.

As soon as the four of us were alone together, we discovered how much we all loathed the other members. My wife and I had been invited for the weekend; we stayed three weeks.

We read other books that Giles had published: *Singapore Goes Off The Air*, about his experiences with the Malayan Broadcasting Corporation, curtailed in 1942 by the Japanese army's arrival, and his first book, written when he was 26, *My Father's Son*, which was his autobiographical approach to writing about his late father, the distinguished actor and director, Nigel Playfair.

When the second world war ended, Giles began a career in the theatre, both as to place and vocation. He lived in London, then in the US, then back in London. He broadcast a great deal for the BBC Third Programme, and, in the early 1950s, he was, for a short time, manager of the Royal Court Theatre in London. He taught drama in America, and published another biography — of the 19th-century phrasemonger Master Betty. He and Carol divorced and later he married Ann, who became the mother of Piers and Sanchia.

The Punitive Obsession are still well-regarded in the field.

As a social being, Giles had two principal modes. One was teasing; dry references to others' past fumbles and digs at foibles, running gags. None of these can really be explained without sounding cute. Whenever we parted, we always said "Cheery-bye" to each other, having adopted it from a particularly twerpy character in Evelyn Waugh. Teasings and recurring jokes were his way of expressing affection without syrup.

His other mode was intelligence. Possibly his powers of intellectual dissection, of cogent response, had been sharpened by his legal training; in any case he had an awesome, quiet ability to get to the intellectual heart of things.

LARGELY influenced by his father's example and Giles was his father's son to the end of his own life — he saw through the specious. In art, in politics, in behaviour, he was impatient with the tawdry. He knew that in a world where sleaze was metamorphosing into an ethos, he was becoming old-fashioned, but he didn't feel heroic about it. He simply existed in his nature.

The last 20 years of his life were a chronicle of slow, physical decline. He suffered several strokes. The one irony in his decline was that a man who spoke the most beautiful English I have ever heard became hesitant in his speech.

Giles would have liked, in his obituary, a line from Bernard Shaw, whom we both revered. Here is what Shaw said about William Morris: "You can lose a man like that by your own death, but not by his."

Stanley Kauffman
Giles William Playfair, writer, born September 27, 1910; died January 17, 1996

Death Notices

MAHER, Perle Jasper. On 6th of February aged 71, peacefully after a long illness her husband of 47 years and father of Jerry and Tim. Meeting at friends meeting at 3.15 on Thursday the 8th of Feb. Burial at 11.30 at St. Michael's Church, Southampton. Donations to St. Michael's Hospital, Southampton. Thank you.

WRAVY, Sallie-Anne. Much loved wife of Fred Wray and mother of Graham, Lawrence and Roland. Died peacefully on 2nd of February 1996. Enquiries to Mr Allan at 01964 554688. Generous donations please to St. Michael's Hospital, Hants. Thank you.

Anniversaries

BROWN - ABBOTT. Golden Wedding on 2nd February 1946. Late John Brown, R.E. to Miss Joyce Christian. Colin Abbott at All Saints Church, Cranleigh, Surrey. Celebrate Now at Red Lion, Tunbridge Wells. Mrs. J. Brown, 54, St. Philip's, Tunbridge Wells.

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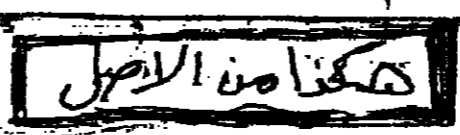
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Cedric bows out as oil dispute flares

Parting of the ways... retiring chief executive Cedric Brown (front) and BG chairman Richard Giordano ponder a rapidly changing industry



PHOTOGRAPH BY KEVIN LAMARQUE

Gas split fails to quell row

Chris Barrie and Simon Beavis

OIL producers last night dashed British Gas's hopes that its radical demerger could resolve a costly row with the oil industry over £40 billion of gas contracts by declaring they were in no mood to back down and help bail out the privatised group.

The plans to split the company into two independent and separately quoted companies were adopted after British Gas directors decided to give up their fight to keep the company a single entity — a battle which has been waged relentlessly since it was privatised in 1986.

Under the plans, the company's £18 billion pipelines business will be put into a new company called TransCo International alongside BG's exploration and production interests.

Separately, the group's trading arm will be put into a new company called British Gas Energy along with the group's disputed take-or-pay contracts and its North and South Morcambe Bay gas fields.

The change in strategy at British Gas was welcomed by the industry regulator, Clare Spottiswoode, who said it would be easier to scrutinise the two sides of the company.

petition in the industrial market, the advent of domestic competition starting in April and a simultaneous collapse in spot prices for gas have left it saddled with an excess of high-priced gas.

Energy Minister, Tim Eggar, said last night that he expected the two sides to find a way out of what he called a "very soluble problem".

But, in an indication of the battle ahead, one North Sea operator said that it would scrutinise BG's flotation plans to ensure that they met Stock Exchange regulations.

A spokesman said: "BG must convince the Stock Exchange that the company has the wherewithal to float. They cannot just float the company, let it drift and go bust."

The company added that if British Gas Energy was allowed to collapse under the weight of the contracts, both Energy and TransCo International would be "knee-deep in lawyers".

The off-shore industry will also be watching for signs that British Gas will rein in production at its Moroccan Bay fields. One executive said output from BG's fields was running at high levels, and that BG was paying "top dollar" for the gas.

Another producer said that BG was trying to overestimate the scale of the problem with its take-or-pay contracts. A small increase in gas prices, the export of gas through the interconnector pipeline to the Continent, and sales to gas-fired power stations could turn these liabilities into assets, he said.

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Unquiet American in career trough of own making

Profile

Lisa Buckingham and Simon Beavis

IT HAD become accepted wisdom in the City that Cedric Brown would have to be sacrificed sooner or later but big shareholders were beginning to suggest that Dick Giordano's tenure as British Gas chairman could be limited unless he could inject new vigour into the group.

"People are asking whether it is possible that [he] simply can't cope with this one," said one fund manager.

Giordano joined British Gas as a non-executive director two years ago and was almost immediately installed as chairman following the coup to oust Robert Evans.

His reputation as a mover and shaker in Britain has been carved during a long stint at the gases group, BOC. Giordano arrived in the top job after Airco, a US commercial gas company he headed, was acquired by BOC in a brazen takeover battle in 1978.

Far from being ousted by the acquiring group, the youthful American was invited on to the board of the victor where he almost immediately took charge. He has since built a

strong following in UK business. Gushing profiles over the years, in newspapers as serious as the Financial Times, have variously described him in terms of his Hollywood good looks, honeyed voice and piercing intellect.

He is the youngest son of New York Italian immigrants whose ambition took him to Harvard and then Columbia law school and a brief stint with the Wall Street law firm, Shearman & Sterling, before he leapt into business.

Despite a growing following for the BOC share performance, suspicion of Giordano remained during his tenure at the group, fuelled by his appetite for big pay packets. He was Britain's first £1 million a year manager and made frequent appearances on the pages of the tabloids.

Just three years into his tenure at BOC the Economist magazine drew one of the highest salaries in big business when the return on shareholders' capital had risen by just 5 per cent, among the lowest achieved by any large company.

He ruffled feathers by insisting his salary at BOC — and about half his current remuneration — should be paid in dollars and linked to US inflation. And, when Giordano has appeared in the boardrooms of other

companies as a non-executive director, highly geared performance packages for executives have tended to follow. There is even a phrase for it in the City — the Giordano Effect.

Giordano himself — now divorced with three grown-up children — will probably collect about £7 million from share options when he finally quits BOC.

It is a controversial and brazenly American approach to remuneration. The man with upmarket properties on both sides of the Atlantic, with a taste for yachting and Rolls-Royces makes few concessions to the traditional British distaste for flamboyant wealth.

But controversy erupted into fury when Giordano installed a new remuneration scheme at British Gas. Although chief executive

Chairmanship. Those misgivings gained strength as British Gas stumbled from one public relations shambles to another, alienated its huge customer base, abandoned its charter mark and fell foul of competition arguments with its regulator.

One observer with intimate knowledge of the group accused Giordano of "serious errors of judgement" and said: "He has brought big industry techniques to what is a service company... This has caused great public offence. It is something that a person from a service industry background wouldn't have done."

One fund manager commented: "He can be criticised either for failing to realise the importance of the fixed-price contracts or, even worse, regarding these as an issue not worth explaining to shareholders two years ago."

Mistakes had been made at BOC too but shares steadily outperformed the market and Giordano's reputation remained intact. With four years still to go before official retirement age, he will be hoping that the past two years of almost incessant trouble at British Gas will be similarly buried by the breathtaking demerger.

The plan could not have come a moment later after a fire at one of the group's big plants. As one leading City banker put it: "There is a big danger for Giordano... He made a big pile of money out of BOC, but the question now is will he retire having failed at the biggest job of his life?"

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But controversy erupted into fury when Giordano installed a new remuneration scheme at British Gas. Although chief executive

Chairmanship. Those misgivings gained strength as British Gas stumbled from one public relations shambles to another, alienated its huge customer base, abandoned its charter mark and fell foul of competition arguments with its regulator.

One observer with intimate knowledge of the group accused Giordano of "serious errors of judgement" and said: "He has brought big industry techniques to what is a service company... This has caused great public offence. It is something that a person from a service industry background wouldn't have done."

One fund manager commented: "He can be criticised either for failing to realise the importance of the fixed-price contracts or, even worse, regarding these as an issue not worth explaining to shareholders two years ago."

Mistakes had been made at BOC too but shares steadily outperformed the market and Giordano's reputation remained intact. With four years still to go before official retirement age, he will be hoping that the past two years of almost incessant trouble at British Gas will be similarly buried by the breathtaking demerger.

The plan could not have come a moment later after a fire at one of the group's big plants. As one leading City banker put it: "There is a big danger for Giordano... He made a big pile of money out of BOC, but the question now is will he retire having failed at the biggest job of his life?"

Notebook

Much action, but little movement



Edited by Mark Milner

AFALLING share price, rising numbers of complaints, public opprobrium over boardroom pay and a looming crisis over take-or-pay contracts has put enormous pressure on British Gas. Yesterday it responded with a quit-and-split strategy, which will see the company divided into two and the departure of chief executive Cedric Brown.

That might seem pretty radical. The reality, however, is that the changes, in themselves, will solve absolutely nothing.

Consider the problem of the take-or-pay contracts. The contracts remain. The problem has simply been shuffled off into a separate vehicle from the profitable bulk of the business. The departure of the much-vilified Mr Brown, with a modest — by British Gas standards — consultancy and a handsome pension will not end spell the end of the era of fat cats. There will always be those who will want to pay themselves more than they deserve or even some problematical "going rate".

The efforts of the Cadbury and Greenbury committees are probably more likely to bear fruit here than any kind of "to encourage the others" example which might be read into Mr Brown's departure. Even their impact be limited. Depressingly, there are already reports that Britain's corporate aristocracy is suffering from "governance fatigue".

The best that can be said about the demerger decision is that it will enable British Gas Energy to concentrate management resources more on coping with liabilities of up to £1.5 billion, stemming from the take-or-pay contracts, without having to worry about the knock-on effects on the TransCo operation.

It will also allow the management of TransCo to concentrate on the forthcoming challenge presented by the opening of the domestic gas market to competition, in two years' time, without being diverted by the possible financial demands of the take-or-pay problem.

Unfortunately the British Gas management record hardly inspires confidence. Long-suffering shareholders who have seen the value of their investments slump by more than £1 to around £2.40 over the past two years might do better to pin their hopes on a string of hard winters!

The Government must be feeling a touch uncomfortable at the recent turn of events at British Gas, too. Though it is a decade since it privatised the company, it has supported the latter's desire (held until very recently) to remain a single entity and the demerger represents another departure from its original vi-

sion of the way Britain's energy industry should develop. Add to this the running sore of nuclear privatisation, the rapidly changing ownership structure of the electricity supply industry and the crossed fingers at the National Grid during the last cold snap, and the Government's policy for energy hardly looks coherent. Don't you just love being in control.

Costly errors

YOU have to wonder how all those highly paid City analysts justify their salaries. For months, it has been blindingly clear that any manufacturer selling top-of-the-market consumer goods has been hit by the retail downturn. The squeeze on sales of luxury items, such as premium spirits, has been particularly severe right across Europe.

The outlook is so depressed that companies such as Guinness, M&T Hennessy and Remy Cointreau have already spelled out the gloom in a series of public statements. For all that, the City appeared to have been taken completely by surprise when Allied-Domecq yesterday sounded out a similar warning. Within minutes, the news had wiped more than £145 million off the share price. By the end of trading the share price had recovered somewhat, but was still 8p off at 506p.

The shake-up highlights how easily the City can be wrong-footed by an announcement which might have been anticipated by anybody with even half an eye on industry trends.

And it underlines yet again the need for a complete rethink on the way companies divulge price sensitive information. Expensive and time consuming as it might be, there is a case for companies such as Allied-Domecq being obliged to make quarterly trading statements rather than saving it up for a bombshell at the annual meeting. Clearly, companies can no longer rely on the trends being picked up by highly paid analysts.

The market mayhem stemming from the release of surprise price-sensitive information benefits nobody save speculative traders.

Aerial combat

MANAGEMENT and unions at Italy's state-owned flag carrier Alitalia are on a collision course over plans to plug years of losses. Chairman Roberto Roverso wants increased productivity and job cuts. The unions, whose members have taken industrial action in protest at Mr Roverso's strategy, think the first job to go should be his.

Mr Roverso also wants to be allowed to raise fresh capital but denies that Alitalia is negotiating with another airline on a collision course. It was a clever whizz who the Spanish loss-making airline, Iberia, Mr Roverso could yet be making his way to the European Commission headquarters in Brussels. Now that's one flight which won't be delayed.

Living in hope of stability

WORKFACE/Technician tells of industry in state of flux. **Martyn Halsall** reports

ROB MATTHEWS, a gasman for 25 years, has spent much of his career in accelerating change. As a governor technician, usually covering hundreds of miles a week across one of the 32 districts now operated by Transco, and a senior union official, he was looking forward to negotiating for stability. Until yesterday.

"My major hope for the future is that we get some state of stability," said the 42-year-old father of two. But he sighed: "At the moment we are in a state of flux."

He was also the first to admit: "It's not going to settle down yet." But when settlement comes he hopes it will bring something rarely found in his industry in recent

years: job security and recruitment. Cultural change within the company since privatisation, he pointed out, had included a lowering of the average age of the workforce, nearer to the mid-30s. But this process had also raised long-term anxieties about job stability and recruitment.

When Mr Matthews entered the pre-privatised industry, British Gas was recruiting apprentices for four years of training. In 1983, said his union, the GMB, the company was taking on 1,000 school-leavers a year; today all such recruitment has ended. During that same period, since privatisation, the total workforce has fallen from 97,200 to 60,000.

"A lot of the employees are new shareholders in British Gas and obviously they want to know what is going to happen with that."

"There's no compulsory redundancy in British Gas at the moment but there's a voluntary package that some people have found attractive," he said.

This meant that the GMB felt it would not have been right to encourage younger people into an industry "when people with long-term employment records were going out of the door and we are not exactly sure what levels of manpower we are going to require in the future", he added.

"People were already concerned about the future of the company and this [announcement] has opened another door. They will be worried until some of the questions are answered," he said.

One serious concern, after yesterday's news of the company's reorganisation, is the potential impact on pensions. Details sought will embrace any possible reorganisation of the previous two pension schemes, for industrial employees and for staff.

How twin burners will reduce the heat

OUTLOOK/Split will make problems easier to manage, writes **Simon Beavis**

BRITISH Gas's surprise demerger announcement has temporarily released a little pressure from a crisis which was ballooning so alarmingly that it threatened the very survival of the privatised group.

Investors, the regulator, consumer watchdogs, staff, customers and the Government saw a board, headed by Richard Giordano, which appeared to be sitting on its hands contemplating the chaos. They were all, in different ways, calling for action.

The action came yesterday with the decision to cleave the company in two and to send Cedric Brown into ignominious but lucrative exile.

When British Gas becomes two companies TransCo International will comprise its lucrative pipeline business and exploration and production interests, while British Gas Energy will house the gas supply business, the company's Morcambe Bay gas fields and £40 billion of con-

tractual take-or-pay contracts for overpriced gas the company can no longer sell. But what has changed? The 2p fall in the share price to 242.5p shows that the City thought very little.

The reality is that Mr Giordano's grand plan does not solve any of BG's problems, it only makes them a little easier to manage — a fact he was candid enough to admit.

ing to renegotiate the contracts with the big oil and gas companies having failed to convince the Government that consumers should pick up at least part of the tab.

While the contracts were tied to the entire British Gas group, the big producers felt able to hold out for a good deal. After the demerger, the link between the contracts and the lucrative pipelines

business (assets worth £18 billion) has been severed. Now gas producers are dealing with BG Energy Ltd, a company with assets of just £2.6 billion, more than £2 billion of which probably relates to the Morcambe Bay fields, and now liabilities estimated loosely at over £1.5 billion.

This is not a financially robust company. The hope in

is that the producers will change their tune, once they realise that without a deal the new company will founder and they may get nothing.

It was a clever whizz who threw in the Morcambe Bay assets without putting a value on them. The alternative — a cash injection — would have placed a more precise value on the liabilities.

TransCo International looks like a steady earner built around the natural monopoly of the national pipeline system provided it gets through a forthcoming regulatory price review without going to the MMC. Both companies will be quoted if all goes to plan. Both could eventually be takeover targets.

The big question is why BG has suddenly been converted to the idea of demerger. Since before privatisation in 1986 it has argued that it gets through a kept intact. In 1993 the MMC called for its break-up but the Government backed the company.

Since arriving in 1994 and until now, Mr Giordano has shown little enthusiasm to change the line. Hardly did footwork by a well-paid board.

The big split

The proposed demerger would create two independent companies:

- British Gas Energy**
 - Supply business
 - Service and retail business
 - Accord energy business
 - Morcambe Bay gas fields
 - Long term gas contract liabilities
 - Staff: 22,000
- TransCo International**
 - Pipeline business
 - Exploration and production business
 - Power generation, global and other group business
 - Staff: 38,000

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Paper chase... Chairman Ramsay Hampton and chief executive Alan McKendrick of Aylesford Newsprint rummage among 500 tons of used paper, 'our urban forest', at Europe's biggest hi-tech recycling mill in Kent, which takes in 9,000 tons of used newspaper a week

Gold panic after 'rogue broker' claim

Dan Atkinson and Jan Rocha in Sao Paulo find fears of Leeson-style trading in US

CHAOS threatened world gold markets last night after Brazil's central bank accused a rogue Wall Street bullion broker of misusing its name. The bank appears to be suggesting that the 2,000-tonne wild gold-trading gamble, rumoured to be the work of a Latin American reserve bank, is heading for a Baring-style nightmare. The allegations by Joubert Furtado, head of Banco Central do Brasil's international reserves department, are proved, a major name in world bullion trading could be "disaster". Mr Furtado accused one of the 12 New York operators, sometimes employed by his bank as bullion agents, of "using the name of the central bank to manipulate the market and to make speculative earnings". His comments came after the authorities in Brasilia announced on Monday that they were suspending all official gold dealings for 30 days, and possibly weeks, to kill rumours, circulating since Christmas, that Banco Central was sitting on a potentially ruinous "short" position in the gold market. "It really has been caught short by 2,000 tonnes, then the one thing we couldn't do is to stop

trading. So, in order to show these rumours are untrue, that is exactly what we have done," said Mr Furtado. "I think we will stop operations for days at least, probably weeks." Mr Furtado told the Brazilian media he was asking the US regulator, the Commodity Futures Trading Commission, to try to identify which of the 12 Wall Street brokers regularly employed by Banco Central had been illegally using the bank's name. His suggestions implied Banco Central may be a "flag of convenience" used to hide either a broker's own position in the market or that of a secretive client. In London, the gold price finished the day down \$3.25 a troy ounce on Monday's close at \$411.25. Dealers said the bullion price was not likely to suffer a significant fall, despite this drop. The price has risen from some \$340-an-ounce before Christmas. Until now, City gold traders have treated with some amusement suggestions of a Latin "Nick Leeson" running riot on bullion markets, although the mood in New York is much more sombre. One market-watcher said of the Brazilian bullion-dealing suspension: "That's just extraordinary. And of Mr Furtado's comments in general, he added "central bankers don't talk this way". Brazil has flatly denied that it is running any abnormal positions or that its trades have been outside the conventional margins of risk. It will seek compensation from whichever institution allegedly misused its name.

SIB investigates copper price-rigging

Paul Murphy and Patrick Donovan

THE SECURITIES and Investment Board, the City's premier watchdog, has launched a full-scale inquiry into copper dealings in London. In the wake of allegations that the price of the metal is being manipulated, according to market sources. Direct intervention by the SIB is highly unusual, since under normal circumstances the watchdog subcontract its powers of investigation and regulation to one of the City's self-regulatory organisations

in the case of the copper market, the Securities and Futures Association and the London Metal Exchange. Its action indicates that either the SIB believes the market's usual regulators are incompetent or that the SFA and/or the LME require further powers to conduct their inquiries. Such powers include the threat of up to six months in prison for market participants who fail to produce information or documents demanded of them. Neither the SIB nor the LME had any comment on the matter yesterday. The move comes amid mounting speculation among copper traders that a "squeeze" has been created in the market — driving the spot price of copper (for immediate delivery) beyond the three-month future price, triggering an artificial surge in prices. The head of one leading metals broker confirmed that the LME had conducted a detailed examination of recent copper trades, but he believes the LME found no evidence of price manipulation. Inquiries have also been conducted by the US market watchdog, the Commodity Futures Trading Commission in Washington, acting on complaints by US firms who trade in London.

Several brokers are thought to have been contacted by the SIB. Its probe into price manipulation comes after a series of scandals which have rocked the metals market, including the recent Codelco affair, where the Chilean group lost more than £130 million in speculative copper trading. In the summer of 1993, an investigation into manipulation of the copper price led to one of the market's most respected members, Credit Lyonnais Rouse, making a donation of £100,000 to the LME's costs. A row over another series of trades between several London brokers and the Chinese state copper agency, Citic Shanghai — which is said to have cost the Chinese more than \$500 million (\$326.7 million) — has also continued to fester. The only precedent for the SIB's action in the copper market is an investigation into the London Fox commodities market five years ago, when evidence emerged that reported trades in a new investment instrument, property futures, were falsified to make the instrument look more popular than it actually was. The management of London Fox was overhauled as a result.

In a separate case, Winchester Commodities, the highly profitable trading group built up by Charles "Copper-fingers" Vincent, is due to hear today from the SFA whether an inquiry into his firm begun in the spring of 1994 will lead to disciplinary action over Winchester's dealings with the Chilean copper corporation, Codelco. The SFA's decision forms part of a compromise reached between the regulator and the broker after Winchester applied last week for a judicial review of the SFA's actions, arguing that its on-going and seemingly open-ended investigation might damage Winchester's business.

News in brief

Lloyd's heads for three-year profits

LLOYD'S of London, which announces its results three years in arrears, is on target to unveil profits for the years 1993, 1994 and 1995 after a string of record losses, according to market adviser Indemnity Insurance Services. IIS forecasts a profit of \$971 million for the insurance market for 1993, which will be announced this spring and would be the market's first since 1987, £1 billion for 1994 and £835 million for 1995.

IIS said in a statement that its estimates do not take into account any expenses incurred by the Names — the market's backers — and any potential special levy that may be called by Lloyd's to bolster its central guarantee fund. IIS is adviser to Euclidian, a Lloyd's investment company, and to stop loss insurer Interger. — *Reuter*

GMTV turns the corner

GMTV, the ITV breakfast station, announced its first profits yesterday after three years of losses. Managing director Christopher Siddons said the £1 million operating profit was achieved with the help of £4 million from the Channel 4 funding formula. GMTV, in which the Guardian Media Group has a 15 per cent stake, had to pay £8 million to the Treasury. Advertising revenue increased by 10 per cent to £28 million last year. Mr Siddons said: "The narrowness of the profit margin shows the importance to GMTV of the Channel 4 transfer. Any reduction would tend to be at the expense of programme expenditure." GMTV insisted the formula was an integral part of the licence bidding arrangements in 1991. — *Andrew Culf*

Car traffic boosts tunnel

EUROTUNNEL, the financially beleaguered Anglo-French Channel tunnel operator, said its passenger car traffic more than doubled in January, compared with a year ago. Eurotunnel's Le Shuttle tourist service handled 84,571 cars last month, against 45,523 in 1995, according to figures posted in Paris yesterday. A total of 1,222,641 passenger cars used the service last year. Eurotunnel said in a statement: "Despite the strong seasonal fall in traffic in the month of January, Eurotunnel recorded a very good level of tourist traffic in the first month of 1996, with nearly 100,000 holiday transporters, of which 94,371 were cars." It aims to increase turnover in 1996 by more than 30 per cent. — *Reuter*

Chambers appointment

IAN PETERS is to become deputy director-general of the British Chambers of Commerce, the 200,000-strong smaller firms' body, it was announced last night. Dr Peters was formerly responsible for policy on small and medium sized firms at the Confederation of British Industry. The CBI has recently revamped its services to smaller companies in an effort to lose its image as the voice of big business, and Dr Peters' appointment is seen as heralding stronger links between the two organisations — and perhaps bringing closer a merger. — *Gina Weston*

Sabena hit by strike

PASSENGERS at Brussels airport faced renewed chaos yesterday after staff at Belgian national airline Sabena held a one-day strike, shutting down the carrier's flights to and from the capital. Other airlines were able to operate flights, although baggage handling was delayed. Sabena has already suffered a number of one-day strikes over management plans to freeze wages, raise working hours and bring in more staff flexibility. The airline says the steps are necessary to spur growth and create jobs. — *Reuter*

Cancer drugs firm sold

MEDEVIA, the UK's fourth-biggest drugmaker, has sold its German subsidiary Ribosepharm to the German group Klinge Pharma for £53.8 million as part of its plan to end its involvement in cancer treatment. Medeva purchased Ribosepharm in May 1993 to complement its own range of respiratory and hyperactivity treatments. Ribosepharm markets a range of branded oncology products in Germany, but Medeva said it has found it difficult to exploit them through its international operations. — *Tony May*

BA chief attacks managers

BRITISH Airways was criticised by its own chief executive, Bob Ayling, yesterday for still bearing too many attributes of a nationalised industry nine years after privatisation. Mr Ayling, who took over running the company last month and has already reduced the number of senior managers from 25 to 11, said that some managers were doing very little work. Mr Ayling told a meeting of shareholders and key staff that there was a need for "slimmer, sharper management". — *Keith Harper*

Mines group calls in administrators as rescue fails

Ian King

UP TO 1,500 jobs are under threat after Coal Investments, Britain's second biggest coal mining group, called in administrators yesterday.

The group, headed by former British Coal commercial director Malcolm Edwards, made the move after an attempt to cobble together a bankers' rescue package collapsed.

The bankers, led by NatWest and including Union Bank of Switzerland and Banque Indesuez, disagreed over the terms of the £3 million package, which was requested after CI used up its existing £30 million borrowing facility.

CI has been suffering for some time from severe cash flow problems, which came to a head in December, when the group's shares were suspended at 25p.

Later that month, the group's miners volunteered to cut short their Christmas holidays to dig more coal and generate extra cash for the group, although that effort now looks to have been in vain.

However, Murdoch McKillop, a partner at administrators Arthur Andersen, insisted last night that CI would continue to trade for the time being, and stressed that it was not in receivership. He added:

"We are reviewing all the options open to us. It is too early to say what strategy we will adopt, but the administration procedure is very flexible, and we hope we will be able to find a way forward."

Meanwhile, the power generator National Power disclosed that it had been approached as part of a possible rescue deal. It is also thought that CI's stakes in Mining Scotland — which owns several of British Coal's old Scottish pits — will be sold as part of any future financial restructuring.

CI, which owns pits in the Midlands, Wales and Yorkshire, was backed by the breakaway miners' union, the UDM. The company was formed from redundant collieries such as Markham Main and Silverdale, which were sold to British Coal. Coal sold its more lucrative pits to Britain's biggest private miner, RJB Mining.

CI, which was floated in 1993, suffered a crucial setback in December, when it failed to dig more coal and generate extra cash for the group, although that effort now looks to have been in vain.

Approval was blocked when it was disclosed that previous operations by British Coal in the area had caused subsidence at Barlaston Hall, a Grade One listed building.

Rank joins with MCA for very big Japanese theme park adventure

Kevin Rafferty in Tokyo

BRITAIN'S Rank Organisation is to team up with Japan's electronic group, Matsushita, the Hollywood film-maker, MCA, and the city of Osaka in a billion pound venture to bring Japanese filmgoers face to face with Hollywood's heroes and villains.

The Universal Studios Japan film theme park is scheduled to open in 2001 in the country's second city. The deal was signed yesterday after years of negotiations. Rank will have a 17 per cent stake, the same as MCA, with the rest being held by the city of Osaka and local business.

The organisers are hoping to cash in on Japan's entertainment boom which has seen more than 150 million people visiting Tokyo's Disneyland since it opened in 1983. Ron Meyer, the president of MCA, described the venture as "an important adventure. The Japanese consumer has a wonderful appreciation for American film, television and music".

The park's promoters expect to attract more than eight million visitors a year, bringing in revenues of \$9 billion yen that will soon make the 160 billion yen (£1 billion) venture profitable.

It is the first time that MCA has taken the film theme outside its US base, where it has parks in Hollywood and Florida. Some film executives predict that if the park is successful, then it may also function as a film studio.

The promoters think that the park will attract visitors not just from Japan but from all over Asia. It will be linked to the newly opened Kansai International Airport by a high-speed water taxi.

For Osaka, the Jurassic Park dinosaurs are not just idle entertainment, but are also part of a plan to make the area a magnet for multimedia technology and hi-tech information businesses. Its Technoport Osaka Project has just started nearby. Japan's second city is also ambitious to stage the 2008 Olympic Games.

US tobacco 'intimidation' inquiry

Mark Tran in New York

PROSECUTORS have begun an investigation into whether Brown & Williamson, the American subsidiary of BAT, tried to intimidate a former company official turned star witness in criminal investigations into the tobacco industry.

A grand jury in Washington is reported to have issued a subpoena to John Scanlon, a publicist who has played a leading role in efforts to discredit Jeffrey Wigand, a former B&W research executive.

Mr Wigand, who has emerged as one of the most potentially damaging witnesses against cigarette makers, appeared on the CBS programme 60 Minutes on Sunday and

accused former B&W chairman Thomas Sandefur of lying to Congress on the addictive effects of nicotine. Mr Scanlon, a partner at the New York public relations firm of Abernathy MacGregor Scanlon, declined to confirm a Wall Street Journal report of the subpoena but said: "Whatever I was asked to do by the Justice Department, I will co-operate fully."

B&W said: "John Scanlon's role was to help identify reporters who were willing to listen to the other side of the story."

Meanwhile, Mr Wigand has filed a lawsuit against B&W, accusing his former employer of invading his privacy by compiling and distributing reports on his past. According to his lawyer, Frank Doherty,

B&W's campaign to discredit Mr Wigand included going through his credit card bills and interviewing relatives from a previous marriage. "That's an invasion of privacy and something no one should be subject to simply for testifying about the effects of tobacco or nicotine," Mr Doherty said.

B&W said that Mr Wigand was once arrested for shoplifting, abused his ex-wife and falsified his CV. Mr Wigand's lawsuit seeks unspecified damages from B&W for subjecting him to "cruel and unjust hardship". Mr Wigand also said that he began carrying a gun after receiving threatening phone calls against his children.

B&W, which dismissed Mr Wigand's claims as "meritless," has its own lawsuit against Mr Wigand for allegedly violating a confidentiality agreement. In a previous public relations case, B&W, several current and former employees, including two former vice-presidents, are accused in recently unsealed government documents of being involved in a cigarette smuggling operation. The alleged scam involved shipping back into Canada cigarettes manufactured there and exported. The aim was to circumvent Canada's heavy taxes on cigarettes consumed domestically. Although prosecutors say that neither B&W nor any of its senior executives will be charged, the case examined by a federal grand jury may further tarnish B&W's reputation.

BT finds new ally to attack Deutsche 'monopoly'

Julie Wolf in Brussels

BRITISH Telecom last night launched a two-pronged attack on Deutsche Telekom, its German rival, as it upped the stakes in the battle for the lucrative European market.

BT teamed up with RWE, a leading German utility, and its existing partner, Viag, to merge their telecommunications networks in Germany in a joint onslaught against Deutsche Telekom's virtual monopoly in Europe's biggest nation.

It also threatened court action if the European Commission fails to impose stricter conditions on the controversial Atlas joint venture between France Telecom and Deutsche Telekom.

Initially the BT/RWE/Viag alliance will offer service over fixed networks for business and private customers. Essen-based RWE said in a statement released after stock markets closed in Germany and the UK. Later the companies will consider satellite and mobile services.

Viag and BT formed a joint venture in January. They said they would each own 37.5 per cent. Earlier, Larry Stone, head of regulatory affairs for BT, said the agreement reached last year between the commission, the French and German governments and their telecom monopolies failed to safeguard competition in the two countries sufficiently.

BT is concerned that many of the conditions attached to the deal only apply until 1998, when Europe's telecom markets are due to be fully liberalised. But BT is not convinced there will immediately be effective competition in France and Germany and wants stronger guarantees on fair prices for network connection.

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Factory output fall paints gloomiest picture since 1992

Richard Thomas

THE Government admitted yesterday that growth in Britain's manufacturing sector had come to a complete standstill, after publishing figures showing a sharp fall in factory output in December. Production by factories was down 0.7 per cent in December. The Central Statistical Office agreed that the trend in manufacturing output was now flat — the gloomiest estimate since December 1992 and a counterpoint to Chancellor Kenneth Clarke's upbeat predictions of 3 per cent growth overall this year.

Although economists said some of the downturn was caused by firms meeting demand from excessive stocks built up during the second half of last year, most said the unexpected scale of the downturn shortened the odds on further interest rate cuts.

Ian Shepherdson, UK economist at HSBC Markets, said: "This is an appalling performance in manufacturing. If these figures don't frighten the authorities, nothing will."

City gloom was deepened by figures showing that the weakness in the manufacturing sector was not a one-off. Production levels between October and December were 0.2 per cent lower than the previ-

ous three months. Mr Shepherdson said that the Chancellor was now likely to cut the cost of borrowing from the current level of 6.25 per cent before the spring.

But most city analysts said Mr Clarke was unlikely to act after today's monthly monetary meeting with the Governor of the Bank of England, Eddie George. He is expected to wait and see how much of the slowdown is being driven by de-stocking before cutting again.

David Coleman, an economist at the Canadian Imperial Bank of Commerce, said the Treasury's forecast of 3 per cent GDP growth in 1996 was unlikely to be met without more reductions in base rates. "Without them, it is difficult to see where the recovery will come from."

The CSO said, however, that the unexpectedly sharp fall in factory output would not affect its preliminary estimate of 0.4 per cent GDP growth for the last three months of 1995, because of a strong performance in other industrial sectors.

Between November and December oil and gas extraction jumped by 4 per cent, as demand surged during the pre-Christmas cold snap. The supply of electricity, gas and water also rose by 6.6 per cent in the month.

Overall the CSO's index of

production rose by 0.5 per cent. But between October and December industrial output was unchanged on the preceding three months, and up by just 1.5 per cent on the same period in 1994.

The manufacturing element, which makes up 80 per cent of the overall index, was just 0.4 per cent higher in the last quarter of the year than in the same period a year before.

Labour seized on the CSO data to attack the Government's record of economic management. Shadow Trade and Industry Secretary Margaret Beckett said: "These figures show that the economy is not safe in the Conservatives' hands, and expose the Tory claim to be making Britain the 'enterprise centre of Europe' to be a slogan without substance."

Treasury officials said that December's out-turn did not reflect general trends, and pointed to an encouraging 1.9 per cent rise in production of investment goods in the last three months of 1995 — compared to a 1.9 per cent quarter-on-quarter fall in non-durable goods such as food, drink and clothing.

A spokesman said: "The fundamentals remain in place for healthy growth and we expect manufacturing output to grow by 2.5 per cent in 1996."

Alex Brummer in Jerusalem on Israel's new economic peace dividend



US Secretary of State Warren Christopher honours American Varian Fry, who saved thousands of Jews from the Nazis, by planting a tree at the Yad Vashem Holocaust Memorial. All over Israel people were planting trees to mark the spring.

Sell-off targets bankable asset

AS PART of the shift to a more liberal, open economic system, the Israeli government has embarked on ambitious privatisation.

The process has been beset by difficulties. El Al, one of the more profitable global carriers, for instance, has long been seen as a candidate but has remained in the public sector because of concerns that it might be tempted to fly on the Jewish Sabbath — forbidden by rabbinical law.

But there has been progress. Companies put into the private sector include the Shekem Department stores group, Fertilizers & Chemicals Ltd and a controlling stake in Bank Mizrahi has been sold also. Last year the government sold off the residential development concern, Housing & Development, as well as its controlling stake in Israel Chemicals.

In preparation for future privatisations there have been "structural reforms" in the telephone company, Bezeq, and in El Al. Overall some \$3.4 billion (\$2.2 billion) has been raised through the sale of equity and debentures and in 1994 the government was able to fund some \$740 million of borrowing through sell-offs of state assets.

One of the most important targets is Bank Hapoalim, which has been required to give off its industrial shares in preparation for the sell-off but the controversy has not ended there. The Bank of Israel has expressed concerns about efforts by two separate consortia to buy a strategic 20 per cent stake in Bank Hapoalim as it prepares for a public sale.

One includes the US investment bank, Bear Stearns, which could become a powerful financial force in Israel if its bid succeeds. The rival group includes New York investment bankers, Goldman Sachs, and financier George Soros.

Workers pay the price as car industry stalls

The lay-off of 2,200 at Jaguar and static sales elsewhere have meant a gloomy start to the year. Chris Barrie reports

THE motor industry was plunged into despondency yesterday as official figures showed that car sales hardly rose last month and Jaguar temporarily laid off 2,200 workers because of poor demand.

Sales in January reached 181,761 cars, a 0.3 per cent rise on the same month last year. Traditionally a strong sales period, January's result left dealers and manufacturers gloomy about prospects.

Ernie Thompson, chief executive of the Society of Motor Manufacturers and Traders, said the outcome was "hardly the most encouraging start to the new year."

He pointed out that January 1995 had also been a disappointment at 3.7 per cent below 1994's level.

The Retail Motor Industry Federation described January's sales as "extremely disappointing". Neil Marshall, director of public policy, said sales to private buyers had fallen by 4 per cent.

Jaguar said its decision to

send its production line workers home until Monday made in the wake of lower-than-expected sales in the United States. Its UK sales were also down last month by 8 per cent at 1,065 registrations.

The lay-offs affect all three Jaguar West Midlands plants — Browns Lane and Radford, both in Coventry, and Castle Bromwich in Birmingham — and mean the loss of 4½ days' production, or 900 cars. The company said there were no plans for job cuts. Workers receive 80 per cent of basic pay during lay-offs.

UK sales also fell for Vauxhall, BMW, Nissan and Volvo. Rover sales were slightly up at 20,776 vehicles. Vauxhall blamed industrial action for hampering sales of the Vectra and Astra.

Ford, the market leader with 41.82 per cent of the market, saw sales fall by 3 per cent. The company's Halewood car plant is likely to have "the odd day" of lay-offs, an improvement on the

shut-downs of the last two months which have cost several thousand cars. Ford said that its Southampton factory, which makes Transit vans, would continue to work a three-day week until the end of the month. Production at Dagenham is nearing normal levels of 1,100 cars a day after the disruption of the start-up of car production for Mazda.

January's poor sales brought a call from the National Franchised Dealers Association for car prices to be slashed. Alan Fulham, the association director, said manufacturers should cut wholesale prices, widen the profit margins of dealers from 10 per cent and leave them free to offer lower prices to boost sales.

Mr Fulham said prices in the US were already up to 50 per cent lower than in the UK, and the American industry was already responding to falling sales by contemplating even lower prices. In the UK the manufacturers effectively restricted lower prices to large fleet buyers. "It has now reached the stage where the terms are not fair to the consumer," he said.

Truck and van sales increased by 1.46 per cent in January to 22,120 vehicles.

Sowing the seed of growth

THE US Secretary of State, Warren Christopher, took time out from his Syrian peace shuttle this week to join 250,000 Israelis in planting seedlings to mark a new year for trees, the traditional ceremony heralding the spring and Israel's transformation from arid desert to a land lush with orange groves and almond trees.

At this year's planting ceremonies Israeli and Palestinian children cultivated the trees together as "a true symbol of peace."

In many ways, however, the tree planting in the Israel of the mid-1990s is an anachronism. Although the delicate blossoms of the almond trees is at its peak in the parks surrounding the Knesset and government buildings, the true symbols of the new Israel are the giant cranes over the Judean hills, and the relentless rhythms of the bulldozers clearing terraces in the rocks for new roads, housing and hi-tech industrial parks.

Israel's soul may still be tormented by last year's assassination of Prime Minister Yitzhak Rabin, but the nation's economic self-confidence and enormous energy remains unaffected. Strengthened internationally by the recognition the peace process has brought, Israel is emerging as the "tiger" economy of the Middle East.

The take-off of the economy, in particular the opening of trade relations with a host of countries including the new industrialised economies of the Far East, is largely attributed to the peace process. "Because of political change,

outside investment in Israel has picked up strongly," the Finance Minister Avraham Shochat said in an interview. "The risk factor of investing in Israel has come down."

Most of the benefit so far has come from the inward investment of multinational companies in Europe and Japan which were reluctant to do business with Israel, while it occupied Arab lands and when the most common images were clashes between the Israeli defence forces and Palestinian youths.

Now Israel has the opportunity to take advantage of new trading relationships and to improve what Mr Shochat calls its "direct connections" with its neighbours, most notably Jordan, Egypt and the emerging Palestinian state.

The loss of "pariah" status, and the absorption (with the aid of US loan guarantees) of up to half-a-million immigrants from the former Soviet Union, has contributed to a period of unprecedented growth for the Jewish state.

It has been better able to accommodate these changes because of a re-ordering of its own financial priorities. In keeping with global economic developments Israel has extended its range of free trade agreements with the US, Canada and the European Union; brought down tariff levels; liberalised capital markets and moved to reduce subsidies and deregulate the economy. Much of this would have been anathema to previous Labour governments, which believed passionately in a more centralised, socialist state with trade unions enjoying extraordinary privileges.

Last year growth in Israel surged to 6.9 per cent (the highest since 1972) with interest rates above 13 per cent as the Bank of Israel sought to bring inflation rates under control. The expansion has been fuelled by expanding manufacturing and business sectors. Last year there was a strong improvement in the housing market where investment exploded by 18.2 per cent; private consumption rose 7.1 per cent and exports of goods and services increased by 8.6 per cent.

The increasingly prosperous population — per capita income is now up to \$15,500 (as high as Spain and Ireland) — also has put pressure on house prices: an ordinary

output of the economy. Growth at this pace has produced tensions. In a mirror image of the struggle in Britain between Chancellor Kenneth Clarke and the Governor of the Bank of England, Eddie George, Mr Shochat, a politician with forthcoming elections on his mind, has publicly clashed with the highly respected chairman of the Bank of Israel Jakob Frenkel. As a former chief economist at the International Monetary Fund, Mr Frenkel is determined to slay Israel's inflation dragon.

Although the country has come a long way from the mid-1980s (when annual inflation peaked at 440 per cent) it was only in the last year that

central banker to ratchet up rates.

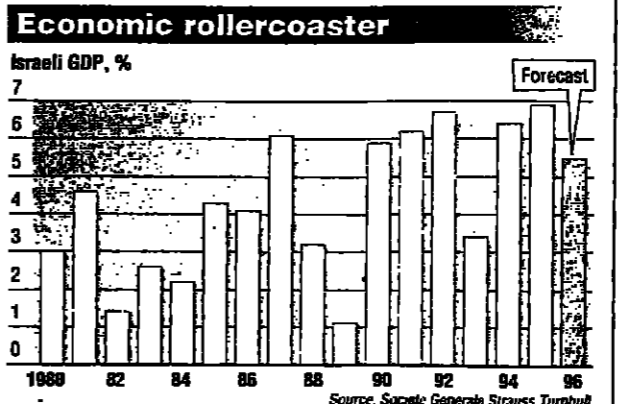
"The interest rate is a little bit high," says the Finance Minister, with a clear degree of frustration at the actions of his colleague at the central bank. "He didn't have to raise rates by 0.75 per cent recently. We don't agree on this issue."

Among the reasons he would like to see interest rates lower is that high real interest rates, in the region of 6 per cent, have, in his view, kept the Israeli currency, the shekel, artificially high, which has led to strong inflows of cash into the Israeli banking system and is damaging the competitiveness of the export sector.

Last year Israel's trade deficit (excluding military imports from the US) climbed to \$10.5 billion. Although the current account shortfall was cut to \$4.2 billion by investment and other inflows.

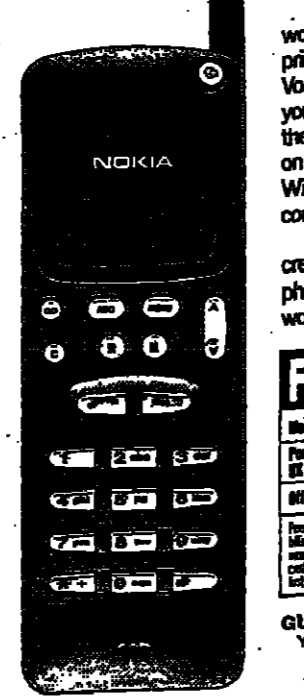
"This is very high, I agree," says Mr Shochat, who urges the international financial community to take into account other factors such as the unusual costs of absorbing new immigrants, the fast growth in exports, the outpacing imports and the high value of the shekel, which he plainly hopes is temporary. Moreover, finance ministry officials point to the double-digit expansion of exports to \$27.5 billion in 1995 as a sign that the deficit is aberrational.

It must be the hope that as Israel's peace dividend, in the shape of new overseas markets and inward investment, matures, the prospect for a better trade balance over the longer-haul also improves.



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Suitors 'uninterested' in Fokker shares

MARK MILNER
European Business Editor

SHAREHOLDERS in Fokker have little chance of salvaging any of their investment from the crisis at the aircraft manufacturer, it emerged yesterday.

The company, which claims it has a number of suitors including five with whom it is in serious discussion, said yesterday that none of the potential bidders had expressed interest in a stock market takeover.

"Candidates have presented themselves for the takeover of all operations or for part of them." But the statement from the group added: "So far none of the candidates has announced it is considering a

bid for the bourse-listed shares or bonds of Fokker."

Analysts interpreted the Fokker comment as signalling that its shares are effectively worthless, as any proceeds from the sale of assets would go to the company's creditors.

"There will be nothing left for shareholders and I'm also worried bondholders will lose their money," said Corne Zandbergen, head of research at Generale Bank Nederland.

Fokker has repeatedly refused to name the companies which have expressed interest in all or part of the company. However the South Korean company Samsung has confirmed that it has held talks with Fokker, while British Aerospace, alongside its partners in the regional jet

marketing venture Aero International Regional (AIR), has said it is monitoring the situation. Fokker claims the AIR grouping has asked for detailed financial information. The Canadian group Bombardier has also said it is starting negotiations with Fokker while the US aircraft maker, McDonnell Douglas, is the latest to be said to have expressed interest.

Fokker was plunged into crisis last month when its controlling shareholder, Daimler-Benz, cut off further finance forcing the Dutch group to seek court protection from its creditors. Fokker is only being kept going by a £146 million support package from the Dutch government. That is expected to run out around the end of the month.

Spirits sales slump leads to Allied Domecq profits warning

PATRICK DONOVAN
City Editor

MICHAEL Jackaman, the chairman of Allied Domecq yesterday sent a shiver through the City as he warned that profits will be hit by an unexpected slump in spirit sales.

More than £145 million was wiped off the value of the company within minutes of hum sounding the warning at yesterday's annual general meeting. But shares recovered in later trading and closed down 8p at 506p.

Mr Jackaman said that the downturn in spirit sales would see a 20 per cent fall in its forthcoming first-half

profit figures. Analysts had been looking for profits of around \$650 million.

The problem is most acute in Europe as hard-pressed drinkers are increasingly opting for cheaper brands. But he added that US operations had also been hit by higher than expected stock levels and a disappointing Christmas sales season.

Mr Jackaman said second half profits would be boosted by the benefits of its long-running restructuring programme.

Allied is the latest drinks concern to issue profit warnings, following similar announcements by Guinness, Moët Hennessy and Remy Cointreau.

Soccer

Liverpool hit out at police ruling

Ian Ross

LIVERPOOL yesterday took the highly unusual step of criticising a major police force as a row erupted over the rescheduling of their FA Cup game at Shrewsbury.

same Sunday, with a noon kick-off. But a West Mercia police spokesman said: "The decision was taken in the interests of safety. The ground is in the middle of Shrewsbury, which is a small town, with shoppers on Saturday afternoons. If we play early on Sunday morning we will, in the main, have only football supporters to deal with."

playing the game on the Sunday in the first place was so that it could be televised live," said their managing director Karren Brady.

Orient sack Stanislaus

BARRY HEARN, Leyton Orient's chairman, yesterday demanded much wider drug testing and tougher penalties by the FA for drug abusers after sacking Roger Stanislaus from the club.

He introduced drug testing in snooker 10 years ago and now intends writing to the FA, calling for more extensive testing in football.

Asprilla deal is back on

THE saga of Faustino Asprilla's proposed transfer from Parma to Newcastle ended yesterday with a deal which is back on.



Riding high... John Robinson gets a lift from Lee Bowyer as Charlton celebrate another goal. PHOTOGRAPH: MARK LEECH

Home-grown produce gives Charlton their healthy glow

Martin Thorpe reports on the youngsters who have put a happy Valley within tantalising sight of the Premiership

IT IS difficult to know which has surprised people more: Charlton sitting second in the First Division or Gary Nelson topping the best-sellers' list.

regained its ground and then its self-respect. The side is also, in this post-Bosman era, a monument to the benefits of employing a strong youth system, for six of last Sunday's team came up that way: the £3 million-rated 19-year-old England Under-21 midfielder Lee Bowyer, Jamie Stuart, 19, Shaun Newton, 20, Steve Brown, 23, Kim Grant, 23, and Carl Leaburn, 26.

Premiership clubs, rather than throw in youngsters mean inexperience at Charlton. Brown, Newton, Grant and the winger John Robinson, for instance, had already played 268 league games between them prior to this sea-

son while the likes of Leaburn, Mike Salmon and John Humphrey are relative veterans. And something else lies behind the Valley Revolution: a new coach and new thinking. When the co-manager of four years Steve Gritt left the club in the summer, he was replaced by Les Reed, a deep thinker on the game who arrived via an unusual route — he had been the FA's regional coach for the South of England.

Top clubs in Euro summit

Martin Thorpe in Geneva on a Uefa meeting to discuss the game's future

AN EXPANSION of the European Cup to include, for the first time, teams that have not won their national leagues is among proposals being discussed at a high-powered meeting between Uefa and top European clubs here today.

The idea of doing away with merit and allowing a club automatic entry to the competition because of its power and size is likely to be ruled out, but a system is being sought to give larger clubs more than one chance to compete in the European Cup and access to the millions of pounds of income guaranteed in the cup's Champions' League phase.

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Celtic invest for global appeal

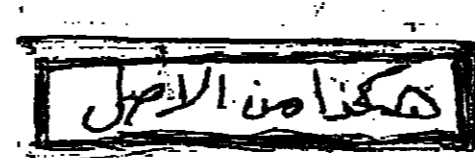
CELTIC yesterday formalised their entry into the global market by appointing to the board of Celtic plc two financial superstars with more titles than Thomas Hearn and Roberto Duran.

to top £3 billion — in December. He is a non-executive director of BP, a council member of the Royal Institute for International Affairs and a former member of the European Round Table of Industrialists and the Action Committee for Europe.

gow and Manchester Universities as well as a doctorate in economics from Cornell University in the United States. He is a Fellow of the Institute of Bankers in Scotland and has previously held positions with the International Monetary Fund. He has been with the Bank of England for 26 years.

Celtic's global appeal is timely: Celtic are the best-supported soccer club in North America, with 155 supporters' clubs in the US and Canada.

Teamtalk: The Independent News Reports Service. Call 0891 33 77+. Table listing football clubs and their positions.



SOCCER: Police and clubs in dispute over fixture pile-up, page 14

CRICKET: Embattled World Cup organisers appeal to ICC, page 15

SportsGuardian

Burden white-out causes a pile-up

THE wrong kind of snow — the deep and even stuff that sticks around — returned to hit sport across the country yesterday, causing widespread cancellations in football, rugby and racing and sparking the obligatory rows over quite unsuitable new dates and horrendous fixture pile-ups, writes *Chris Curtain*.

Only three of the 16 scheduled soccer matches went ahead — including the FA Cup tie in balmy Huddersfield — with three of today's ties already off.

Leeds's fourth-round tie at Bolton had its second white-out so they will now play next Wednesday, just three days after Sunday's Coca-Cola semi-final first leg at Birmingham. Should Leeds beat Bolton, three days later they will face the winner of last night's postponed Port Vale v Everton replay in the fifth round.



Cold comfort ... under-soil heating may save Wolves' FA Cup replay against Tottenham tonight after a one o'clock inspection. PHOTOGRAPH: MIKE SHARP

Stiff upper lip travels but is not for export



Frank Keating

AGREED, the English get in a tizz at the slightest of snowy cold "snaps", but it had to be the Australians, didn't it, who threaten cricket's World Cup by beginning the belly-ache about playing a match in Sri Lanka.

Poor dummies. Australians live their faraway lives down there — so safe, so soft, so sybaritic — that when the big wide world intrudes they run a mile. That is not the English way. Anglos go in where Aussies fear to tread.

A dozen winters ago, David Gower's English team went to a party in Bombay hosted by their friend, the British deputy high commissioner Percy Norris. They left the do just before midnight. On his way to work next morning, Norris was assassinated.

The England players, stoic in their grief and oblivious to threats, began the Test match next day. Not surprisingly, they lost it. But they turned up. Australians would have long been back home hiding under their duvets in padded bedrooms.

Land of hope and glory — and the who-dares-wins. In 1973, Wales and Scotland cancelled their Five Nations rugby matches against Ireland for fear of terrorist threats. England travelled. The Lansdowne Road through gave them a touching standing ovation — then the Irish team gave them a pasting. At the post-match banquet, the England captain, the doofy farmer John Pullin, made a one-sentence speech: "We may not be much good at rugby — but at least we turn up."

It has always been so. Exactly a century ago, Lord Hawke's MCC team was touring a South Africa in turmoil and preparing for war. In his report to Lord's on his return, Hawke mentioned only in a throwaway line that the possibility of snipers had caused two minor up-country matches to be cancelled: "a third on account of the Jameson Raid, and another because of the fearful explosion in Johannesburg; the general situation also seriously affected some of the attendances at other matches. But the tour out. Of course they did."

EVEN a world war did not stop English cricket. Refusing to close Lord's in the spring of 1940, MCC's eminecence Sir Pelham Warner declared: "If Herr Goebbels could broadcast to the world that war had caused cricket at Lord's to cease it would be an invaluable propaganda triumph for the Hun."

Mind you, there were the occasional difficulties. In August that summer, as Wisden reported, "British Empire XI v Buccaneers, Match Drawn; with Buccaneers going for victory, battle called off owing to Battle of Britain".

Nor did Wisden let an eye right through to 1984: "July 8: West of England XI were originally matched against AA Command, but owing to gunners being engaged with flying bombs, opposition was changed to a Lord's XI".

And so it went on. Once, when I was watching with him a minor riot at the Test ground in Trinidad in 1981, only a few weeks before he died, that master of malapropisms Ken Barrington snuffed the cordite and proclaimed: "This is nothing. I was batting once for England in Pakistan, got a hundred, and for the whole of my innings this major riot went on with the whole of the boundary ringed by plainclothes protectives armed to the teeth with rifles loaded with high-philosophy bullets".

Likewise, Warne and his Aussie wimps should just get out there and play. Like the English will. Not that the Australian sybarites should think any promise of "blanket security" will make them bat or bowl any easier.

The first morning of that harrowing Test in Bombay on England's 1984-85 tour, the security was upped to massive proportions, and to test it a photographer friend went to the main gate and announced: "I'm from the IRA. Could you direct me to the England dressing-room?"

"Yes, sir, certainly sir. Along here and up those steps, sir."

Copper buys Richmond

Robert Armstrong and Patrick Donovan on why an RFU founder club is to receive £2.5 million from a City metals trader

ONE of Britain's highest-paid businessmen, whose former company is being investigated in connection with an alleged multi-billion-pound Chilean copper scam, is to plough £2.5 million into Richmond, among the country's oldest and most traditional of rugby union clubs.

Ashley Levett, aged 35,

made his fortune as a commodities trader. During the booming Eighties, Levett leap-frogged from job to job, earning ever higher salaries within the specialised world of copper trading.

His big break came late in 1988 when he teamed up with Charlie Vincent — nick-named "Copperfingers" — and started up a firm called Winchester Commodities. Le-

vet left the company last year but, according to the company's last annual report, he received annual fees of just under £15 million. And that was before his director's salary, which runs into hundreds of thousands of pounds.

The Securities and Futures Authority is investigating Winchester although the firm has insisted that all its deals are above board.

Outside the arcane world of City commodity trading little is known about Levett apart from his love of rugby. Even though a tax exile in Monaco, he is a regular fixture at Winchester rugby club.

His cash injection means that one of the faded aristocrats of British rugby — Richmond were established in 1861 and played a large part in the founding of the Rugby Football Union 10 years later — will soon be chasing top internationals to play at the ground they have shared with London Scottish for 100 years.

In return, Levett will take an 80 per cent share of the equity once the club is registered as a limited company.

Levett's business associate, Symon Elliott, who will become the club's chief executive, said they would recruit abroad, including the southern hemisphere if necessary, to compete with the best clubs in Europe.

"We have made unofficial approaches to members of the England squad but no negotiations have developed. We are top of Division Three and we need to gain promotion to Division One in the shortest possible time. Recruiting internationals should act as a catalyst in the next few months."

Yesterday's unlikely development completes a hat-trick of London clubs to hit the jackpot in recent months. Levett's stake matches Nigel Wray's investment in Saracens and tops the £1.5 million which the electronics firm NEC put into Harlequins. Two Second Division clubs, Northampton and Newcastle Geoforth, have also found backers in the game's first professional season.

Richmond's 1,300 members will be able to participate in a rights issue worth between £250,000 and £500,000, ex-

plained Elliott. He added that the club would pay "market" salaries to secure top-quality players. In some cases that is likely to mean paying £60,000 to £100,000 a year.

All of which is a far cry from last weekend when the rugby director Vinny Codrington responded to reports linking Richmond with Ben Clarke by saying: "It's not really us, is it?"

Yesterday he said: "We expect to announce a number of international players signing over the next few months."



Levett ... rugby lover

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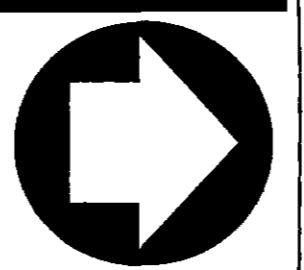
This announcement only applies to 25cl (stubby) bottles of Grolsch Premium Lager purchased before today — 7th February. Any other size bottles or cans of Grolsch are not affected by this recall.

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As a precautionary measure, please take any un-opened bottles bought before 7th February, back to the shop from which they were bought for a full refund.

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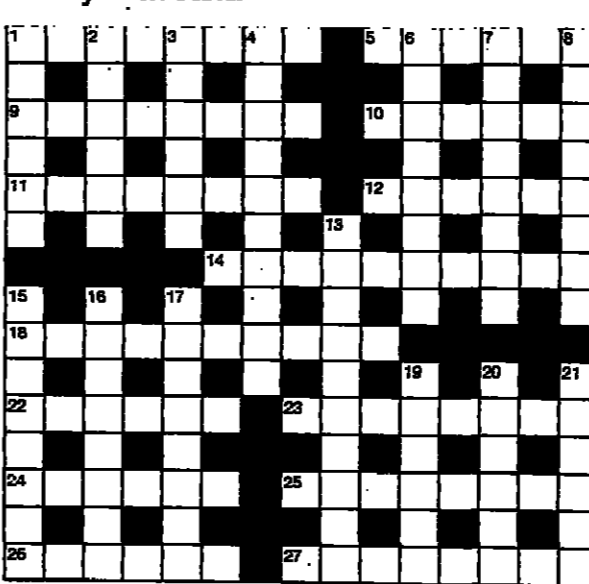


What is that strange noise — half-squawk, half-ululation — that can be heard in Whitehall and Westminster? Is it the frost-bitten ducks in St James's Park? Or is it the sound of ministers, ex-ministers and senior civil servants preparing themselves for the Scott report?
Francis Wheen

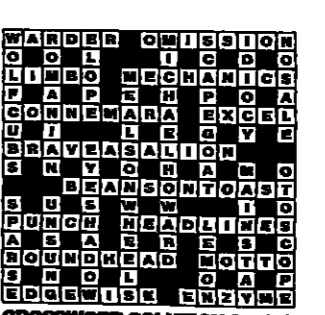
G2
page 7

Guardian Crossword No 20,569

Set by Araucaria



- Across**
- 1 Firm that has to employ has shed ... (3-5)
 - 5 ... Job's following (as an afterthought) with charity (6)
 - 9 I refuse to tell you when I cheated on my wife (2,6)
 - 10 Eastern region, among others, is no good (6)
 - 11 Choose a 22 firm with an organ expert (8)
 - 12 It puts a new complexion on those who place moles in a river (6)
 - 14 To get one up with a lark, put in compare some place (5,5)
 - 18, 1 down, 2, 3 Foolish about Rule 1 on money shared when not skating in Whitehall (7,3,12,6)
 - 22, 23 Former 1 down 23's expansion of power has a State within in the States (6-8)
- Down**
- 1, 2, 3 See 18
 - 4 Inspiring total of costs of many a project (10)
 - 6 Kid, once loveless, pursuing endless sabbath (8)
 - 7 Ball used in billiards turned up on a stick (8)
 - 8 Quench one's thirst, outside the pale, for ballet (4,4)
 - 13 Essay about an old writer in a quiet way (10)
 - 15 Last in spite of everything (5,3)



CROSSWORD SOLUTION 20,569

- 16 What might turn simple ascent into disaster? (8)
- 17 Words set in orbit and let out (8)
- 19 Hat worn by Marie in the garden (6)
- 20 Puncture support for the establishment (6)

Solution tomorrow

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